Voices from the Field

Prohibition, war bonds, the formation of social security—the National Association of Insurance and Financial Advisors has seen it all. In August 1989, the National Association of Life Underwriters—later to be renamed NAIFA—published Voices from the Field*, a seminal work chronicling the history of the insurance industry and the association. This book was the result of four years of research and writing by former* Advisor Today *senior editor George Norris.* Voices from the Field *is an engaging look at the lives and events that shaped our dynamic industry. The book remains a lasting tribute to everyone who has worked to make NAIFA what it is today, but particularly to Norris, who dedicated 21 years to the association.*

***

"Historians have, perhaps, been too preoccupied with mortality tables and the founding dates of companies to consider the astonishing influence that selling method, or the lack of it, has had upon the development of life insurance in every age."

—J. Owen Stalson, Marketing Life Insurance: Its History in America

This book is dedicated to the hundreds of thousands of unnamed and often unsung, life underwriters who, over the past 100 years, have labored to provide security and financial independence to millions of their fellow Americans.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

Foreword

People…Money…Love: three simple yet powerful elements. Life underwriters helping people, to guarantee money, when it is needed, for those they love, from its founding 100 years ago, through the present, that's what NALU has been all about. And that's what *Voices from the Field* is all about. It is the story of the National Association of Life Underwriters.

Organizational histories can make dull reading. They are often no more than dry recitations of dates, events, products and processes. But two things make *Voices from the Field* different.

First, the story of NALU is primarily one of people—the people who founded it, and the people who built it into the premier professional trade association it is today. People are inherently more interesting than dates or processes, and NALU's people have always been extraordinarily diverse, dynamic, creative and courageous. The story of NALU is their story.

Second, NALU is particularly fortunate to have George Norris as the author of our 100th anniversary history. Authors of organizational histories are usually historians first and storytellers only coincidentally, or not at all. George is a superb storyteller who cares deeply about NALU's people. He is also an able historian who has committed many hours to scrupulous research. He has organized his material meticulously; he is immensely readable.

You will enjoy *Voices from the Field* the first time you read it. You will want to keep it in your personal library and return to it again and again. It tells the story of dedicated men and women who, for 100 years, have sought to improve the products we sell and the business environment in which we function. Form the beginning, their mission has been to help consumers provide financial security, at fair and reasonable cost, and for those they love. Their story will make you proud of your profession and proud to carry that mission into the next 100 years.

Alan Press, CLU, LUTCF
1988-1989 NALU President
September 1989

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

Preface

In response to the well-deserved praise received on his 80th birthday, Winston Churchill had this to say:

“I have never accepted what many people have kindly said, namely that I inspired the nation. It was the nation and the races dwelling all round the globe that had the lion heart. I had the luck to be called upon to give the roar.”

As a significant and moving force in the growth and development of our country, the insurance industry has its own lion heart. That heart beats in hundreds of home offices, thousands of field offices, and tens of thousands of agents throughout the land. But it is the NALU that has had the luck to be called upon to give the roar.

And roar it did! That is what *Voices from the Field* is all about. Who were the men and women who, a hundred years ago, raised their voices against intolerable conditions prevailing in the marketplace at that time? Who were the people who led the struggle for professional recognition though agent education, licensing and the promotion and adoption of ethical standards? *Voices from the Field* not only identifies them, it makes them live and become relevant to today’s unique challenges.

Voices from the Field chronicles the changing times and conditions that we have had to adapt to, or overcome, throughout our history. And it points the was to a future where the pace of change will only increase. But the creativity and sheer determination of people working with people that have served us so well in the past will not fail us in the future. During most of 1986 and 1987, NALU engaged in an exhaustive strategic planning exercise that is already positioning our organization for a second century of service.

I think you will experience a vicarious thrill in reading George Norris’ account of the early days of NALU and the visionaries who constructed the foundation on which we continue to build today. And I suspect you will acquire a new sense of pride and appreciation for the significant work we do.

Jack E. Bobo, CLU, FLMI
NALU Executive Vice President
September 1989

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

Introduction

This is a story of people who share an occupation. They have all been involved in marketing life insurance in one way or another. Most of them deal directly and personally with the consumer. They are life underwriters, or life insurance agents: the people who generate the initial income for America's $600 billion life insurance industry. Through their efforts millions know peace of mind and economic security. Whatever else they may have in common, it is this shared business interest that brings them together. *

This binding influence provided the initial impulse to form a society of fellow practitioners. Formally organized at a meeting in Boston, in 1890, as the National Association of Life Underwriters (NALU), its purpose was to "advance the cause of true life insurance." The founding members sought to improve conditions of life insurance workers in the fields. By coordinating their efforts, they hoped to promote a high level of competence and to introduce standards of ethical conduct among agents. The realized, of course, that a better appreciation of legal reserve life insurance and its uses among the general public was essential to the success of their program. These considerations sustained the group in its formative stages and enabled it to develop into a highly coordinated organization of professionals assuming a major role in the life insurance business.

The NALU is essentially a federation of local associations, each directly affiliated with the National Association. There are some 950 of these associations throughout the United States, ranging in size from25 members to over 2500. Associations are also active in Puerto Rico, the Virgin Islands, Guam and the District of Columbia. There is even an association in Europe, primarily for agents who serve Americans living abroad. In addition, there are state associations that coordinate much of the activity of the local associations within their respective states. The combined membership of these associations is about 140,000. Employing a permanent staff at its Washington, D.C., headquarters, the national organization occupies a significant place in the business and political life of America.

The National Association also maintains cordial ties with similar organizations in other countries, especially in the other English-speaking countries. Ties with the Life Underwriters Association of Canada are traditionally close. In fact, Canadian associations were once part of the NALU. (The Canadian agents, having formed a national association in 1906, began functioning independently in 1916. The president of the NALU automatically becomes the honorary vice president of the Canadian association, and the president of the Canadian association serves the NALU in a like capacity.)

The NALU is governed by a board of seventeen officers, including twelve trustees, who serve for terms of two years and a president who serves a one-year term. Delegates representing the membership elect these officers at an annual convention. Day to day management of the Association is under the direction of a permanent executive vice president.

This book traces the development of the organization form its regional and tentative origins in the 19th century to its present position of national prominence—a span of over 100 years. Though not a slave to dates, the arrangement is broadly chronological. Focus is on the leading personalities of the day and incidents of major consequence. Often these fall naturally within a particular decade of historical period. As a number of chapter headings suggest, however, a major topic may be treated fully, even if it means disturbing the general chronological plan.

In compiling material for this work, the aim has been to single out the most significant and interesting details of the Association's first 100 years. The NALU has had its dramatic moments, with leading players worthy of the parts, too. All this is unabashedly recorded. Still, the mundane and human elements are not overlooked, by any means. Many who left permanent ims on the Association were very much individualists. Some were eccentrics. People like that aren't always terribly conventional—even on public occasions.

It would be less than candid to pretend that the history of the NALU's leadership has at times found itself hopelessly overwhelmed by the course of events. Initiatives were lost, and much of the Association's activity was more reaction than action. These reversals and foibles are also part of our story.

Occasional allusions to major trends and events punctuating our nation's social and political past are unavoidable. To be understood justly, a position of an action must be viewed in the context of the times. It is impossible to deal

with the plight of life underwriters at any period without some reference to national, and even global, events, especially economic conditions affecting the insurance industry.

In its century of progress, the NALU has pursued its goals with a steady, often plodding, persistence. But there have been days of crisis when it acted swiftly and dramatically. Unavoidably, there have been conflicts and intrigues. Some scenes were played out in meeting rooms, some in courtrooms, others in legislative halls and executive offices, and some in rooms. Wherever the action took place, improving the underwriter's position remained the paramount consideration.

The life insurance agent has been an integral part of the American scene for five generations. His progress is as much a part of the American experience as the automobile and the ice cream cone. So is the Association movement. The development of the NALU represents an important aspect of this movement. It is one of the oldest and largest organizations of its kind in the world. Professional and trade associations exhibit a ubiquitous presence in American life today. Because of them, jobs of dubious status and security have become respected careers. It is hard to work in a profession or industry in this county and remain untouched by some such organization, especially in the "white-collar' echelon.

Besides playing a leading part in the association movement, this organization had considerable impact on the professionalizing trend that led to the improved quality and status of practitioners in many fields. During the 20the century we have seen "mere trades" become respected professions with licensing requirements, courses of study and academically recognized credentials. The National Association of Life Underwriters pioneered this concept, providing the great thrust that led to the establishment of the Chartered Life Underwriter (CLU) designation as well as other educational programs. For this reason the NALU story occupies a place in educational history as well as in the history of business and commerce.

Like other large associations, the NALU exercises considerable political influence, not only as a lobby at the federal level, but also in the state capitals. To a large extent, its political activity is motivated by an eagerness to ensure the integrity of the marketplace so that qualified agents can work in an environment of fair competition where ethical business practices prevail. In the various states, the NALU's contributions to established regulatory and licensing standards for the insurance industry are major and longstanding.

Although it typifies the association movement in many respects, there remains much about the NALU that is unique, or at least not typical. Many associations and professional societies originated on university campuses. Medical and legal societies, for instance, were essentially professorial in inspiration. Some began as purely social clubs, or grew out of confrontation s with employers. The NALU began in none of these ways, and the course it pursued doesn't quite parallel those worked out by most other trade and professional associations.

It should be remembered that the impulse to build a great organization is not always inspired by ambitious strategies for clearly defined goals. Both initially and through the years, many who occupied positions of influence in the NALU began with a simple desire to mingle with their fellow workers; to share ideas, enjoy one another's company and, sometimes, to defend themselves against a perceived opposition. This is an aspect of guilds, unions, professional associations and learned societies that cannot be dismissed.

Confining the pages of this book to a series of "great moments" would be a serous distortion. It would overlook the mass of the Association's adherents. Members have derived numerous benefits form their involvement in life underwriters associations through the years, but many will tell you that the NALU's greatest gift to them was the warmth, friendship and loyalty they found there.

The thousands, known only within their own circles, who never achieved great prominence in their association are as much a part of this story as those whose names appear on its pages. Yet these thousands are present on every page because without their perennial enthusiasm and support, there would be no history to write.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

***** The terms "agent" and " underwriter" are used interchangeably. In the most restrictive sense, companies underwrite people's lives. Nevertheless, this is done through their agents who undertake to select eligible candidates and arrange for the underwriting. In any case both terms have been used to designate representatives discussed at some length at the Association's first convention. The term "underwriter" was selected because it was more inclusive and well established by common usage.

Voices from the Field

Acknowledgements

THIS BOOK was commissioned at the Chicago convention in 1983 by NALU executive vice president Jack E. Bobo, CLU, FLMi, with the unanimous approval of the Executive Committee and the Board of Trustees. Officers of the National Association at that time were: Rice E. Brown, CLU, president; Jack Peckinpaugh, CLU, immediate past president; Robert B. Hughes, CLU, president-elect; Michael C. Keenan, CLU, secretary; and L. Kent Babcock, Jr., treasurer. Board members were: Arthur Abramson, CLU; Milton O. Bedingfield; Don A. Eichelberger, CLU; Mary E. Fort, CLU; Gene R. Imke, CLU; Morland G. McManigal, CLU, CPCU; John A. Packal, CLU; Robert A. Pierce, CLU; Alan Press, CLU; Paul M. Smith, Sr., CLU; Robert J. Wernecke, CLU; and David F. Woods, CLU, ChFC.

Since that time these and successive officers have given the project total support and continued interest. The implied confidence in assigning the task, the generous support and unremitting patience of Jack E. Bobo during the ensuing years provided the impetus to make *Voices from the Field* a reality. Whatever value the book may have for scholars, for the insurance community and for the general public is due largely to his foresight and interest. It should also be pointed out that Bobo exercised no editorial influence over the contents or manner of presentation, refusing even to examine the manuscript while the work was in progress.

From the beginning the project had the enthusiastic interest of those long associated with the NALU. The insight and recollections of former NALU presidents Charles J. Zimmerman, CLU, Holgar Johnson, David Fluegelman, CLU, and Philip A. Hoche, CLU, have allowed for a much livelier and detailed treatment of a number of incidents and personalities than would have been possible otherwise. Interviews with the late John D. Marsh, CLU, and C. Carney Smith, CLU, as well as an extensive interview with Benjamin N. Woodson, CLU, filled many gaps encountered during the research process. Alex W. Lingard, long the managing director of the life underwriters Association of Canada, helped explain much about the NALU's Canadian Connections. Always helpful and considerate, John M. Phillips, director of audio/visual productions at NALU headquarters, arranged for many of the interviews to be quality-recorded for posterity.

I am especially grateful to Donald F. Barnes, Sam P. Gaglio, Marvin F. Kobel, H. James Douds and the members of NALU's legal staff for patiently reading the manuscript and offering many valuable suggestions and saving me form a number of awkward gaffes. Always encouraging, Barnes and Gaglio have been particularly solicitous to make *Voices from the Field* and accurate and interesting record of the NALU's century of progress. For whatever errors, misapprehensions and omissions there are that may diminish the book's usefulness I alone am to blame.

No expressions of gratitude could sufficiently repay the solicitude, support, patience and work so generously given by Edward P. Keenan who took all responsibility of the publication of the book. I am equally behold to Ian MacKenzie, who both prodded and encouraged me; to Ruth Stewart who meticulously proofread the chapters again and again; to Melissa Morrison Sprott who spent countless hours with the details of production, and to Dee Cohen who designed the pages and general format and devoted immense care to its visual presentation. All members of the staff of *Life Association News* deserve thanks for their forbearance and continued encouragement. Steve Nieman of Cincinnati who undertook to edit the book added immeasurably to its readability.

The time devoted to this history extended far beyond my anticipation or beyond anyone's liking. Like many who have undertaken a project of this kind, I owe my wife and sons a huge debt for their support and patience though the years. I am also indebted to the life underwriters of America for providing a worthy and interesting subject for study. I hope *Voices from the Field* justly reflects their contributions to American life and gives them the attention they so well deserve.

George A. Norris
Washington, D.C.
September 1989

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

Laying the Foundation—A Meeting at the Parker House

"They met at stated times, broke bread together, and became mutually helpful."

—Henry Worthington Smith

THERE HAD BEEN CLOUDS over Boston earlier that morning. Aboard the *J. Putnam Bradlee*, moored at Eastern Avenue wharf, crewmen scurried about readying the steamer for the day. A boat pulled up alongside with a load of clams to be taken on board. A dairy wagon came clattering down the wharf. Soon more wagons arrived, laden with poultry, beef, fresh vegetables and fruit. The steamer absorbed it all. Colonel Hedges and some life insurance men had arranged with the city to have the boat for the afternoon. Over a hundred of these gentlemen from the insurance business would have to be served both lunch and dinner.

Without a doubt, June 18, 1890, was an especially profitable day for Boston's caterers, even in that age of extravagant hospitality. On that day when America's life insurance agents gathered in Boston to create The National Association of Life Underwriters, many looked out on the world and saw only prosperity and progress. Queen Victoria still resided at Windsor, and Benjamin Harrison occupied the White House. It was an expansive era that had witnessed unprecedented economic growth, remarkable scientific and technical advances and miraculous strides in transportation. Privileges and luxuries hitherto reserved for the few were being extended to a burgeoning middle class. In one generation standards of living had risen enormously. Among other amenities, the Victorians enjoyed a well-provisioned table. Dining was one activity they took seriously. The nation's life insurance agents were no exception. Like most gentlemen of business, they expected a wide assortment of dishes and generous portions. Boston would not disappoint them.

A Meeting at the Parker House

By nine o'clock the sky began to clear. The unusual number of carriages pulling up to the Parker House Hotel, discharging a steady stream of passengers, must have attracted the notice of Bostonians passing along Tremont Street. "The office and lobby of the Parker House presented an animated scene Wednesday morning," the reporter of the convention began. Groups of men conversing excitedly, he went on, stood about renewing old acquaintances and forming new ones

Dressed in somber tones, de rigueur for prosperous businessmen of the period, their stiff collars and cuffs immaculately white, nearly all wore well-trimmed moustaches, and many retained full beards. The prominence of gray and white hair among these bewhiskered gentlemen betrayed their years, too. Not a few were, in fact, veterans of Union campaigns during the Civil War. Frequently during the sessions they would address one another with the titles "major" or "colonel," reminiscent of their old ranks.*****

Coming primarily from the Eastern portion of the country, the seventy delegates represented practically all the major life insurance companies of the United States. Typically, they ranked among the more successful and respected members of the industry's field force. They were also the most progressive. This accounts for their eagerness to see the ranks of their business composed solely of capable, well-disposed persons of character and intelligence. From the record of their deliberations, it is clear that they cherished high aspirations for improving the agent's lot and stature.

Many who took an active part in the two days' proceedings continued to play prominent roles in the affairs of the NALU during its formative years. Among the Bostonians were George N. Carpenter, general agent for the Massachusetts Mutual Life, and Benjamin S. Calef, manager for the New York Life. Philadelphia was represented by I. Layton Register, financial agent of the Equitable life, Joseph Ashbrook, manager for the Provident Life and Trust, Henry C. Lippincott, manager for agencies of the Penn Mutual, and Everett H. Plummer, general agent for the Berkshire Life. From New York City came Tilden Blodgett, manager for the Equitable, and William Ratcliffe, Jr., general agent for the New England Mutual. Others such as William G. Justice and E.A. Spencer of Buffalo, Caleb E. Tillinghast of Cleveland, Henry P. Goddard of Baltimore and Charles H. Ferguson of Chicago would also prove capable leaders and staunch supporters of the new organization.

"At ten o'clock, the hour set for the convention, the delegates began to wend their way up stairs," the report

continues, "and were soon assembled in room 12 in the second story. There was present a generous sprinkling of the members at large of the Boston Association, and a full contingent of reporters of the local daily press."

Owing to the number of preliminaries—details such as registering delegates and seating arrangements—it wasn't until 10:45 that Tilden Blodgett, as chairman, called the meeting to order. Deliberations progressed with remarkable efficiency. As one writer observed, the meeting was a model of organization and parliamentary procedure. They settled on a name for their organization, agreed on its fundamental aims, adopted a constitution and elected the officers who would direct its affairs for the coming year. George Carpenter of Boston was chosen as president. Adjourning at 1:30, everyone proceeded to the city docks where they boarded the J. Putnam Bradlee for their excursion down the bay.

By this time a lively breeze was whipping across the harbor. Reinforced by other Bostonians, the party had swelled to one hundred five. On board they enjoyed a hearty luncheon of New England clams and chowder. Stopping at Fort Warren, the delegation was given a tour of the fortress, "and for the delectation of the visitors a gun with a new patent carriage was given an experimental discharge." As the steamer headed to port, the party sat down to a huge supper where "all the delicacies of the season were present." After dinner, "toasts were drunk to all worthies." So concludes the official report of the first day in the life of the NALU.[i]

The day's events, so obviously well-orchestrated, could have resulted from the thoughtful planning of people well experienced in launching organizations of this kind. To undertake the project with any hope of success they had to be confident of a fairly widespread support from the nation's leading agents. For everyone engaged in the planning process it meant a commitment of time and money. Considering how easily ambitious undertakings involving independent-minded businessmen of varied temperaments and regional biases can misfire, it also required considerable courage and diplomacy.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

***** *Of the 70 delegates, the oldest was 66-year-old Michael Early, general agent for the Berkshire Life at Detroit; the youngest was 28-year-old Arthur B. Abernathy of New York, a manager for the Equitable. Those claiming the longest terms of service were Bostonians Charles Holden (Washington Life) and James T. Phelps (National Life). Both had been in the business for 33 years.*

[i] Proceedings of the First Convention and Organization of the National Association of Life Underwriters, Boston, Mass. 1890, p.33 Hereafter the verbatim reports of the annual NALU conventions are referred to as Proceedings, with the year indicated.

Voices from the Field

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Colonel Chauncey Munroe Ransom, an insurance journalist and publisher, perhaps more than anyone else, deserves credit for bringing these men together. At the time he was editor of the *Standard*, a Boston insurance journal. Having initiated the formation of the Boston Life Underwriters Association and encouraged similar foundations in other parts of the country, Ransom had a well-deserved reputation as a prime mover in the association movement. Undoubtedly, it was he who urged the executive committee of the Boston association to invite members of the Philadelphia and New York associations to consider the feasibility of uniting the regional life underwriters' associations into a national body.

Representatives of the three organizations met at the Parker House on April 8, 1890. Besides Ransom and Carpenter, the Bostonians present were David Holway, William H. Dyer, Charles W. Holden, D.W. Kilburn and Darwin Bernard. George F. Hadley, Gilford Morse and Tilden Blodgett represented New York; Everett Plummer and F.A. Howard formed the Philadelphia contingent. If any merit the title "founders of the NALU," it is these twelve gentlemen.

As Blodgett explained at the opening session of the convention, "After a thorough and earnest discussion of the merit of forming a national association, it was unanimously decided that the time was ripe... and a committee was appointed to call such an association of delegates from the different representative bodies throughout the United States to meet here in Boston." Blodgett, Ransom, Holway and Plummer formed the committee to organize the first meeting. Plummer served as secretary for the committee. Fourteen associations responded to their invitation.*****

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

** Besides Boston, New York City and Philadelphia, the other places represented were: Baltimore, Chicago, Cleveland, Nebraska, Western New York (Buffalo and Rochester), Maine, Michigan, New Hampshire, Pittsburgh, Providence and Vermont.*

Voices from the Field

Conditions Leading to the Foundation of the NALU

The time was indeed ripe. The past fifty years had witnessed a spectacular growth in the life insurance business. After years of only modest advances, life insurance had suddenly taken hold in America during the 1840's. Success came with the foundation of the mutual companies. Yet there was another innovation...the soliciting agent. Apart from the advances made in actuarial science, resulting in better-designed policies and more generous benefits, along with steady improvements in company management, it was the development of an aggressive marketing method that accounted for this unparalleled expansion. In his *History of Life Insurance in its Formative Years*, Terence O'Donnel observes, "Whether life insurance could have so quickly captured popular imagination without the cooperation of the agent is unlikely. Despite its growing importance in the national economy both in America and abroad, life insurance, like any other commodity, still had to be sold... From the first, the function of the agent was vital."[i]

The earliest American companies seem not to have recognized the possibilities in the personal solicitation of business. The concept was not unknown, it was simply not exploited. The idea had, in fact, been introduced quite early by the British. Owen Stalson, in his *Marketing Life Insurance: Its History in America*, notes, "Life insurance selling arrived upon the American scene in 1807. It was thrust upon us by the English. It came, in the form of an agency appointment for one Israel Whelen of Philadelphia, from the Pelican Life Insurance Company of London. So far as we know, he became thereby the first agent for level premium life insurance in America."

Quoting one of Whelen's advertisements, Stalson comments on the significance of this appointment:

> If we are justified in assuming that through the medium of this appointment came a transplanting of English practice upon American soil, we may believe that we encountered then for the first time: level premium life insurance, agency method, 5 per cent commission, advertising..., part-time employment at life insurance selling, and a miscellaneous pattern of ideas about marketing method...
>
> We know nothing of the success of the Whelen agency for the Pelican. That it was short-lived is certain since the legislature prohibited out-of-state life insurers from doing business in Pennsylvania after March 10, 1810. [ii]

Pennsylvania was not alone. Most states enacted such prohibitory regulations during the early days of the Republic. The object, of course, was to protect and stimulate developing business enterprises at home. As a result, a number of life insurance companies sprang up in various states during this period. The pioneer in the list was the Pennsylvania Company for Insurance on Lives and Granting Annuities, incorporated on March 10, 1812, with offices located in Philadelphia. "The truly impressive, truly significant thing about the new company," Stalson comments, " was of course the fact that it provided life insurance in a modern form." He explains:

By this I mean especially that its founders envisioned whole-of-life level premium life insurance contracts which gave permanent protection to qualified applicants. There were inadequacies in the policy granted, judged by present-day standards...this was notably true in the matter of restrictive clauses in high net cost resulting from large premiums and the absence of dividends and guaranteed cash values...but the policy was none the less a great improvement over those previously available in this country. [iii]

Operating alone until 1823, this company was joined then by the Massachusetts Hospital Life Insurance Company of Boston, in 1830 by the New York Life Insurance and Trust Company, located in New York City, and in 1836 by the Girard Life Insurance, Annuity and Trust Company, also in Philadelphia. Incorporated on the joint-stock plan, these were proprietary companies. Since most were also trust companies, their directors tended not to look to the sale of life insurance for their chief source of profit. There was no rush to sell policies. Still, as far as the marketing of life insurance is concerned, these were the most significant ones founded before 1843.

Despite the model of a successful agency system in Great Britain during the first several decades of the nineteenth century, the Americans, for the most part, continued to rely on simple notices in newspapers and the distribution of pamphlets to attract customers. Their attitude seems to have been one of "Here we are. Come to us during business hours and we shall be happy to sell you a policy." During the entire life of the company the Girard only

appointed four agencies. Neither the Pennsylvania Company nor the Massachusetts Hospital Life ever employed agents. Sales were limited and finally petered out altogether by mid-century.

The New York Life Insurance and Trust Company forms the notable exception. As Stalson points out, "It led all companies in sales of life insurance during the years 1830 to 1843; it was headed by the most able of contemporary life executives [William Bard]; it initiated the most important step forward in life insurance marketing method." Sales rose quickly. Three hundred twenty-one policies were sold in 1833. By 1840, the company had 820 policies in force amounting to $2,880,316.

"Nothing so convinces one that life insurance was waiting to be sold, not bought," Stalson contends, "as the fact that the policies which Bard's company offered to the public, and sold by the hundreds each year were policies in no way better than those which had been offered for years, though much less successfully, by the two predecessor companies, each located in a rich American city. The only difference was the marketing method employed...the New York Life Insurance and Trust Company hired agents and paid them a commission on the business they sold."[iv]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[i] Terence O'Donnell, History of Life Insurance in Its Formative Years, American Conservation Company, Chicago, 1936, p. 67

[ii] J. Owen Stalson, Marketing Life Insurance, Its History in America, Harvard University Press, Cambridge, Mass., 1942. pp

[iii] Ibid., p. 49

[iv] Ibid., pp 82 and 87

Voices from the Field

Rise of Modern Life Insurance and the General Agency System

However, this was only a prelude to the accelerated growth that was to follow. The years 1843 to 1847 saw a revolution in the history of life insurance marketing. Beginning with the founding of the Mutual Life of New York in 1843, seven notable companies began business during this four-year period. Each of them devoted itself exclusively to life underwriting and each made mutuality a prime element of its corporate character. With them came a drastically more aggressive marketing program.

The founders of these companies were entrepreneurs of a new type. For one thing, they lacked the capital to form companies on the joint-stock plan. Without the substantial backing of stockholders they were compelled to induce people to become "shareholders" in the company by purchasing policies. (Under the mutual plan the policyowner was not only entitled to receive all the benefits of the policy, but also a proportionate share of the earnings of the company as well.) It meant they had to find lots of buyers quickly, or their plans would come to naught. For this reason the new mutual companies were forced to employ aggressive marketing methods and devote themselves exclusively to life insurance. They needed "canvassers;" personal solicitation of business was essential to their success.*

Again, the time lag poses an interesting question. Why was the concept of mutuality so late in capturing the Americans' imagination when the British experience had proven its success long before? Founded in 1762, the "Old Equitable" of London provided a long-standing model. For some reason, no American found it worthy of imitation. Considering this point, Stalson comments:

> The idea of mutual insurance had long been known to the major American life officers. They had, as we know, read about the Equitable of London, and they were acquainted with other English mutuals too. Our businessmen, however, were not always quick to adopt English business practices. Americans have learned from the mother country what it has pleased them to learn; they have imitated her only in practices which suited their immediate interests. We looked to England for guidance in establishing our banking system; we incorporated most of the English accounting method into our own system of keeping books; we built our manufacturing businesses upon foundation-stones supplied us by the English. Yet we were slow to accept the lesson of mutuality in insurance. The success of the Equitable of London was apparent long before the close of the eighteenth century; we, however, waited several decades before establishing our own first mutual life company.[i]

Perhaps it is another instance of the right man coming on the scene with an idea whose time had come. In the case of each of the companies founded in the 1840s the organizer was an entrepreneur convinced of the possibilities inherent in mutuality. Suffice it to say that in Willard Phillips, founder of the New England Mutual Life Insurance Company, Morris Robinson, first president of the Mutual Life of New York, and Guy R. Phelps, founder of the Connecticut Mutual Life Insurance Company, along with several other pioneering spirits, American life insurance found men whose vision was in season with the times.

Clearly, they were men who acted on their convictions. Having adopted a British model for organizing a company, they did not hesitate to employ its marketing method. Because of them the agency system became standard for promoting life insurance in this country. In doing so, they raised marketing to what Stalson calls "its third stage of initiative and intensity: they originated and made general the practice of calling at homes and offices, interrupting prospective buyers at work or play to urge the merits of life insurance upon them."[ii]

The effectiveness of personal solicitation quickly proved itself. In 1845, with about thirty-five agents operating in some dozen northeastern cities, the Mutual Life of New York, for instance, reported over $4 million of insurance in force, by 1850 sales had amounted to $ 40 million. In 1870 this company had $243 million in force. Having witnessed the success of the agency system, other companies, whether they were organized on the mutual plan or not, followed suit. The lesson was obvious. The companies that grew were the ones that established agency offices in the major cities.

One of the late bloomers that developed a formidable army of agents was the Equitable Life Assurance Society of the United States, founded in 1859 by the twenty-five-year-old Henry Baldwin Hyde. From the beginning, Hyde

focused on acquiring agents adept at person-to-person selling. The story is told that he once kept a director of the Society waiting for some time while he had a conference with one of his agents. When informed that it was a director who was waiting, he said, "I can get a good director any time, but a good agent is another matter."

Hyde's brilliant record in aggressive marketing tactics soon eclipsed the British successes he admired so much. With dozens of general agents and hundreds of subagents in the most populated regions of the country, the Equitable had become the largest life insurance company in the world by 1886. On October 24, 1887, upon his return from Europe, his agents presented Hyde with $2,225,600 of applications as a welcome—a record for a single day.[iii]

In 1875, with the founding of the Prudential Insurance Company of America, in Newark, New Jersey, by John F. Dryden, another British import appeared on the American insurance market: the debit agent promoting industrial insurance. The name "industrial" insurance derives from its popularity among factory workers and shop employees in the great industrial cities of Britain and America where it was first marketed. With numerous hired agents assigned to specific neighborhoods or districts, endowment plans and modest policies (limited, generally, to providing death benefits) were sold to thousands of men and women among America's working classes.

A unique feature of this type of insurance was the mode of paying premiums in small weekly sums. Making their weekly rounds, the agents who sold these policies also collected the premium payments personally. Usually salaried, debit agents did not derive their income from commissions primarily, as did ordinary agents. (The term "debit" refers to the amounts in premium payments each agent was supposed to collect in his district and for which he was held accountable to the company.) The Prudential held the field alone until joined by the Metropolitan of New York and Boston's John Hancock, which added industrial life insurance to their established ordinary businesses in 1879.

By 1890, when America's agents organized their national association, the general agency system was fully developed. There were sixty life insurance companies operating in the United States. In terms of their corporate character, twenty of these had been set up on the mutual plan; the rest were stock companies. The three leading companies, commonly called the Big Three, ranked by insurance in force, were: The Equitable ($721 million); Mutual Life of New York ($638 million); and New York Life ($569 million). The amount of life insurance written by United States companies that year came to $984,043,759. Seventy-five percent of this was in the form of ordinary policies; the rest was in industrial insurance. Virtually all these policies had been sold through the personal solicitation of patronage by agents.[iv]

With regional offices located in every major city, the general agents representing the larger life insurance companies employed subagents or "soliciting agents" who penetrated even the most remote communities throughout the country. The development of America's railroads had greatly facilitated their mobility. While not all were becoming rich, many found the promotion of life insurance a congenial way of making a comfortable living. In 1890 the Mutual Life of New York, for example, was allowing its general agents 45 percent to 65 percent first year commissions. The general agency rate to agents was 35 percent.[v] It was an occupation that satisfied the entrepreneur's taste for independence while it afforded an outlet for his gregarious nature and competitive spirit. There were altruistic motives, too. This was a business where one could profit by enlightening one's fellow man, relieving him of concern for his financial future and his family's welfare.

It is not surprising that this era of commercial expansiveness and bustling confidence saw many personable, attractive young men of ambition and intelligence enter the field of life insurance soliciting. The business had even attracted a few enterprising women. At the same time, growing more numerous and more ubiquitous, the agents began developing a sense of identity and occupational pride leading them to form associations of mutual support. Through group effort the more enlightened and progressive agents sought to redress grievances, reform abuses and rid themselves of unworthy co-workers. They envisioned a marketplace of healthy competition where well-informed agents conducted themselves as gentlemen. Inspired with a desire for recognition as respected practitioners of a worthwhile business, these men hoped to introduce more refined sales techniques and uniformly high ethical practices into the field of life insurance marketing. In these cooperative efforts the agents often received encouragement and direction from leading figures in the insurance press. Despite earlier failures, the seven years preceding the foundation of the NALU saw over a dozen societies of agents well established. At the time of the Parker House meeting some half-dozen more were in the process of getting organized in various parts of the country.

Boston has the distinction of sustaining the oldest, continuously active life underwriters association. It was organized in the offices of the Standard, at Ransom's invitation, on April 18, 1883. From its first monthly meeting on May 18, the Boston association was a pronounced success and served as a model for other life underwriters associations.

Life insurance agents had made a number of attempts to organize before the Bostonians established a permanent association, but none of them were able to sustain themselves beyond a few years. Nevertheless, these efforts

demonstrated the need for agents to cooperate, as well as the difficulties involved. The earliest effort in that direction occurred in Chicago in 1869. Harris Proschansky, author of *The National Association of Life Underwriters: Its First Forty Years,* explains the circumstances leading to its formation:

> It was an outgrowth of a temporary organization set up by various life underwriters to promote legislation that would protect legitimate legal reserve companies in Illinois from the depredations of fraudulent companies. These had been formed for the purpose of swindling policyholders and had embittered the public against life insurance.
>
> On December 15, 1868, the *Northwestern Review* had urged the formation of a "permanent and well ordered board of life agents in Chicago." The *Chronicle* made a similar suggestion on September 23, 1869. Referring to the weakening of public confidence in life insurance institutions, the trade journal declared that agents were largely responsible. While the primary purpose of an association would be to rid the profession of unworthy agents, it would also serve as an educational force and as a means of bringing the sales men of life insurance closer together.
>
> Inspired by his editorial, various life underwriters previously active in the campaign for legislation directed against fraudulent companies met in Chicago on October 4, 1869 to form a life underwriters association. A committee was appointed to draft a plan of organization, and empowered to extend an invitation to all the life underwriters of Chicago to join the proposed group. On October 11, 1969, there was a second meeting at which the Life Underwriters' Association of Chicago was formally organized, and officers were elected.[vi]

Proschansky draws attention to an interesting provision in its rules and regulations which stipulated, "No subject which involves or provokes discussion of rival plans or companies shall be introduced into the meetings..." Less discreet was the resolution adopted at a meeting on November 8, 1869, directing all members of the association to submit a list of names of any agents who had been in their employ and who had proved themselves unworthy of confidence.

Not everyone approved of agents organizing in this way:

> Stephen English, colorful editor of the *Insurance Times*, published in New York, denounced it as a conspiracy of the local life companies, "whose officers and agents expect by thus combining their frail corporations with solid Eastern companies to reduce both to the same level and persuade the public to believe that there is no essential difference between them."
>
> The *Chronicle*, then published in Chicago, rushed to the defense of the group, and denied categorically that it was formed by local life companies. It claimed that its staunchest and most enthusiastic members were among the agents of "solid Eastern companies," and described it as a most worthy organization.[vii]

Evidently enthusiasm was not sufficiently general in Chicago. After a meeting to discuss "the best method of employing solicitors," on December 4, 1969, there is no mention of any further meetings. The *Chronicle* of June 23, 1870, asked, "Where is the Life Underwriters' Association of Chicago?" It can be surmised that the group had already passed out of existence.

St. Louis and Cincinnati also witnessed meetings of life insurance agents that year. Formed in response to an immediate problem, these two groups disbanded once they accomplished their ends. Agents in St. Louis met in early 1869 to consider the need for laws curbing fraudulent companies. They formed a committee and "with a liberal supply of the sinews of lobby war" (from the well-established companies), succeeded in getting their bill through the Missouri legislature on March 4, 1869. (Chauncey Ransom was a member of this committee.) The Cincinnati agents met on September 22 to initiate a movement to amend the insurance law of Ohio but there is no evidence that an underwriters association resulted from this campaign either.

During the following year, however, agents in Pittsburgh did attempt to form a life underwriters association. According to the August 1870 issue of the *Baltimore Underwriter*, they sought to provide "mutual protection against the swindling solicitors who systematically rob the profession and bring discredit upon its work." Among other things, they planned to maintain a list of agents, medical examiners, and others guilty of unethical practices. Like the Chicago group, this association disintegrated shortly after its formation.

In the West the story was the same. Agents in San Francisco met at offices of the Pacific Mutual Life Insurance Company that summer to form an association. They adopted a constitution and elected officers, but by year's end

the organization was no longer active. In Wisconsin occurred the first attempt to establish a statewide association. Describing its swift collapse at an association meeting years later, one of the organizers, Dr. S.L. Fuller, provides some insight into why these groups failed to endure:

> We organized and then proceeded to dine. During the dinner it became apparent that we were all afraid of each other, too much afraid even to adjust our differences, or to cooperate in any degree, and soon the meeting was at an end, and that association died "a bornin'," while your humble servant, who had been made secretary, was given the undisputed privilege of paying for the dinner.[viii]

Agents in Ohio had more success than the others in getting associations to last beyond a meeting or two. On May 27, 1872, at the invitation of Robert L. Douglas, general agent of the Charter Oak Life Insurance Company, some of the more prominent general agents of Cincinnati met to organize a life underwriters association. (Douglas was also a local correspondent of the *Baltimore Underwriter* and was most active in promoting and demonstrating the need for a society of agents in Cincinnati. Proschansky says "He was also the key figure in the committee which drafted the constitution and by-laws of the organization.")

The announced purpose of the group was "to maintain the honor and dignity of the business of life insurance, to cultivate social intercourse and acquaintance among the members of the profession, to increase their efficiency in the business, and to rid the profession of those leeches that prey upon the earnings of other and better men."[ix] Meanwhile, agents in Cleveland organized an association, adopting the same constitution and bylaws as the Cincinnati men. If Douglas was not the founder of this group, he certainly took an active interest in its affairs.

Both these organizations blacklisted offending members, making public the names of those found guilty of unethical practices by expulsion or suspension of membership. For a while their tactics seemed effective and drew wide support from the local agents. Proschansky comments, "The Cincinnati Association had a large and interested membership. By October, 1872, it was reported that sixty were members; nearly every general, special, and district agent of Cincinnati was reported to be a member." The association in Cleveland flourished with equal vigor, having a membership of thirty-five by September 1873.[x]

Thus encouraged, Douglas and his colleagues initiated a move to establish a state association. Representatives from the Cincinnati and Cleveland associations met at Columbus in February and in April 1873, and succeeded in setting up a framework for the Life Underwriters' Association of Ohio. Through its Grievance and Legislative committees this organization proved surprisingly effective in bringing about a number of reforms affecting the life insurance business in Ohio.

The example of the Ohio men encouraged those in other regions. Agents in Richmond, Virginia, sometime in 1872, formed a group known as the Life Underwriters' Association of Virginia. Its constitution and bylaws were largely patterned after that of Cincinnati. Late that same year the Memphis Life Underwriters' Association was organized. Another group, the Life Underwriters' Association of St. Joseph, Northeastern Missouri, and Doniphan County, Kansas, was organized on March 17, 1873. "It apparently was closely modeled on that of the Cincinnati Association," Proschansky comments, "since a statement of its aims was worded in the exact language of that body." In Maine, agents met to organize a state association in March 1873. None of these organizations survived beyond a year or two, however.

Proschansky also relates the history of an attempt to establish a regional association:

> On August 19-21, 1874, a meeting of life insurance agents of the seven Southern states took place at Bath Aulm Springs, Virginia. The men were from North Carolina, South Carolina, Virginia, Maryland, Georgia, Tennessee, and West Virginia. As a result of this meeting, there was formed the Life Underwriters' Association of the Southern States. The constitution and by-laws were quite similar to those of the Ohio Association. This was the first known regional organization. According to Ransom, it met again in July, 1875, at Beersheba Springs, Tennessee. It appears to have passed out of existence shortly after this meeting.[xi]

Douglas was elected president of the Ohio Association at its second annual meeting on June 10, 1874, at Put-in-Bay, Ohio, and reelected the following year. By this time membership had reached one hundred. In the months following, the association continued to have some impact on legislation. However, this was their high-water mark. During the next several years support waned. As apathy set in and membership dropped, Douglas and his colleagues watched their influence at the state capital evaporate. In Cincinnati, the agents held their last meeting on June 16, 1877, voting to dissolve and to merge with the state association. By this time, agents in Cleveland could no longer rally enough support to continue operations, either. Shortly after their sixth annual convention, held at Put-in-Bay in August 1878, the Ohio Association ceased to be active. [xii]

All commentators agree: The most serious miscalculation of the Ohio Association leadership was a reliance on high-handed tactics. Uncompromising and impatient for reform, their zeal blinded them to reality. Alluding to these early failures, Charles W. Scovel, then president of the NALU, commented at an association gathering in Portland, Maine, in 1906, "Many associations have been founded at various times in various towns only to split on that rock of trying to stop abuses by direct, drastic action; trying to make the associations into legislatures, courts and executioners."[xiii]

Proschansky offers some additional reasons for the dissolution of the Ohio associations:

> The impact of the depression which had enveloped the country since 1873 made itself felt in the next year. Not only did agents leave the field but those who remained were tempted, in the heat of competition, to the same improper practices that they, as members of the Association, were pledged to combat...
>
> Another fundamental reason for failure of the Ohio Association was that it did not have the strength, financial and otherwise, to carry out its objectives. A notable example was the fight against obnoxious legislation. Having but little assistance from life insurance companies, the Association did not have the financial means to set up a permanent staff at the state capital at Columbus to keep a wary eye on legislation. Their aims were laudable, but they neglected the organizational setup required to effect them....
>
> Finally, an obstacle to its success was the failure to cultivate social ties among the members. This might account in large part for the apathy of the bulk of the members, who increasingly lost interest in an organization, which neglected the social side. Sole emphasis on business and reform was not exactly conducive to the kindling of the sustained interest necessary for the success of a trade association.[xiv]

Nevertheless, while they flourished the Ohio associations made lasting contributions toward raising the ethical standards of the business. Their accomplishments inspired other agents to organize at the time, and their failures taught valuable lessons to future life underwriters associations.

With their demise, the association movement came to a halt. In an atmosphere of cutthroat competition, pressure to produce outweighed all other considerations. The fine points of business etiquette and legislative reforms were not paramount concerns among most agents. There was even less enthusiasm for socializing with competitors. The Chicago agents made another attempt to form an association in 1881, but never progressed beyond a meeting or two. After that, interest in agents' associations remained dormant until the spring of 1883 when the cautious Bostonians methodically set about to establish their organization on a firm foundation. At the first meeting twenty-five men signed up for membership. Cornelius G. Atwood was chosen president and George Carpenter became secretary. Building on the experience of the past fifteen years, they created a workable model for a durable life underwriters association.

One striking difference between this organization and its predecessors was the emphasis on the social element. There was no blacklisting or other constraints to whip members into line. The approach was to build a closely-knit organization through firm friendships and mutual understanding before attempting any ambitious schemes for reform. Even so, their avowed purpose was to effect change. As they announced at their formation, the ultimate goal was "to advance the great interest of life insurance, protect its growth by stimulating healthy legislation and to prevent, as far as possible. The passage of unjust laws and to encourage whatever will redound to the general good of the cause."[xv]

For three years the Bostonians remained the sole fellowship of agents cooperating to bring about improved business practices. There is little doubt that others were watching their movements closely. Ransom's widely distributed paper, the *Standard*, dutifully recorded all the activities of the Boston Association throughout the 1880's. They gave splendid dinners to which they invited other representatives of the business community. In this way the Boston agents established close ties with the city's leading bankers, doctors, clergymen, governmental officials and officers of insurance companies. They listened to lectures on the proper conduct of business and aired their views on subjects of general interests, but they eschewed controversy.

John E. De Witt, president of the Union Mutual Life Insurance Company, who attended some of the early meetings, was impressed with "how cautious the members of the new organization were not to introduce into the meetings... any of the unpleasant activities incident to the competition then existing in the business, for fear of an early dissolution of the association; their first business was to become acquainted with one another, not as enemies in business, but as men prosecuting an honest vocation in the community in an honorable way. Later on, the

disagreeable subjects were taken up one by one, and discussed in a friendly spirit and conservative manner".[xvi]

In 1886 the first seeds of the Boston Association began to take root. J.H. Knapp, Connecticut Mutual's general agent in Pittsburgh, and J.C. Bergstresser, editor of the *Insurance World*, a trade journal published in Pittsburgh, succeeded in organizing the agents of Pittsburgh on March 16. On October 2 agents in Detroit formed the Michigan Life Insurance Agents' Association. The next month saw two other associations formed: one in St. Paul and one in Buffalo.

Meanwhile, some prominent general agents and managers in New York City had been busy organizing an association. At a meeting held on January 10, 1887, they adopted a constitution and by laws and elected a slate of officers; Colonel Charles H. Raymond, general agent of the Mutual of New York, was chosen president. Two weeks later a group of ten met in Portland, Maine, to form a life underwriters association. Though the exact date of their organization is unknown, life underwriters in Baltimore had already formed an association by March 1887, when they signed a compact to refrain from unethical business practices. The ninth unit to join the ranks was the fifty-eight-member Philadelphia Life Underwriters' Association, founded on December 12, 1887. Only one association was organized in 1888 at Kansas City, Missouri, on October 26. The next year there were three: the Chicago, Cleveland and New Hampshire Associations, in the early months of 1890.**

Although the Boston model was gaining widespread acceptance, the atmosphere pervading the marketplace still inhibited many agents from cooperating readily and openly. Getting these men together was not always easy. One of the founding members of the Philadelphia Association, Joseph Ashbrook, described their first meeting when he addressed the organizers of the NALU at the Parker House:

> When about three years ago the life insurance agents of Philadelphia, by courtesy of the Philadelphia companies, were invited to meet at the Bellevue Hotel to discuss the question of the formation of a life insurance organization, I, who had been connected with the business in that city a quarter of a century, and I think I may claim that my conduct has been such as not to produce any especial degree of alienation between myself and others, it was necessary that I should be introduced to many of the representatives of the companies present on the occasion. Such a condition of things was at once unnatural and absurd...In Philadelphia, the agents, I believe, will compare favorably with the agents of any other city in this country in point of high moral character, in point of intelligence and in point of efficiency as life insurance workers. They are honorable men, intelligent men, effective men, and there was not special reason why the agents of Philadelphia should display this spectacle of alienation. And yet it is likely that other gentlemen like myself found themselves in that room strangers to half or two thirds of the gentlemen present.[xvii]

Gradually, the barriers began to give away. In city after city restraints relaxed, hostility subsided, and inhibitions disappeared. By June 1890 the momentum of goodwill and optimism was sufficiently general to justify organization on a national scale. As Blodgett had put it to the delegates, "The time was ripe."

From the beginning, most of these agent organizations called themselves "life underwriters' associations." But not everyone was entirely comfortable with the term. Agents in New York, for example, chose the name "life insurance association," while those in Detroit organized as the Michigan Life Insurance Agents' Association. That the question was still unsettled became apparent at the opening session of the Parker House meeting when the proposed constitution was under discussion. George Haskell and Alva Brown of New York objected to term "underwriter," arguing that it really applied to companies not to agents. But the Philadelphians, Ashbrook and Lippincott, insisted that the term was already in general usage as synonymous with agents. Ashbrook asserted that it was sufficiently general to encompass all representatives of life insurance companies, but not so vague as Haskell's suggestion that the organization be called "The National Life Insurance Association." Besides, Ashbrook thought "underwriter" sounded better. "It gives us latitude," he said, adding, "It is a little more sonorous. That is all."

Haskell's motion was defeated by a great majority.

High on the list of matters taken up by the organizers of the NALU was paying tribute to Colonel Ransom, who was conspicuously present that morning at the Parker House. Since he was not a life underwriter, acknowledging the debt required an amendment to the constitution. It was Ashbrook who, in a very moving speech, nominated Ransom an honorary member of the new organization, as the one responsible for "having given the initiative to that great movement which has resulted in the assemblage of these men here today." Looking on the long struggle to organize the agents, Ashbrook said:

> We had come to stand apart, and failed to recognize a community of interests....

> Eight years ago, a man well know to us, a man conspicuous for many noble qualities...believed that there was no cause why this unnatural condition should be perpetuated;...that it was possible to bring life insurance agents together; to unite them by social bonds, and with one swoop to destroy forever the alienations which separated them.
>
> His amendment was unanimously adopted "by a rising vote."

The delegates were keenly aware of others in the room who had a hand in their formation and this is reflected in their choice of officers. Besides making Carpenter president, they chose Benjamin S. Calef of Boston, chairman of the Executive committee, and William Ratcliffe of New York, treasurer. Plummer was named secretary. One of the youngest men present, this polished Philadelphian was to prove an unobtrusive, but steadying force for the fledgling organization. Continuing to serve as secretary for the next four years, Plummer was elected president for 1895-96, while yet in his thirties.

There was also the question of regional pride to be satisfied. This had been anticipated in the constitution, which provided for each association having a seat on the Executive Committee. A further solution was found in giving the title "vice president" to a delegate from each of the fourteen associations.

During the second day of meetings, the men continued their deliberations, sharing their views on major concerns affecting their business and expressing the hope that their numbers would increase. The morning session began with an inspirational talk given by the Honorable Carlton B. Lewis of New York who spoke on the social value of life insurance. When the questions of where to hold the next convention arose, Detroit, Chicago and New York all offered to host the meeting, the delegates giving cogent reasons why their respective cities were most suitable. Finally it was agreed to met the following year in Detroit.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

** The seven mutuals were: Mutual Life Insurance Company of New York (N.Y.C); New England Mutual Life Insurance Company (Boston); New York Life Insurance Company (N.Y.C.); Mutual Benefit Life Insurance Company (Newark); State Mutual Life Insurance Company (Worcester); Connecticut Mutual Life Insurance company (Hartford); Penn Mutual Life Insurance Company (Philadelphia).*

*** Establishing the order of local associations by age can be somewhat confusing because a number of them disbanded for a time in the 1890s, then reformed later. Providence, Rhode Island, and Baltimore, Maryland, for instance, were well represented at the founding of the NALU and at the first several conventions. From 1895 to 1901, however, no delegation from Baltimore appeared at the NALU conventions. The unit reorganized on November 27, 1900, putting it 26th in the order of local associations in continuous existence. Similarly, Providence sent no delegates to the NALU conventions from 1893 to 1899. "The Life Underwriters' Association of Rhode Island," however, appeared among the delegations at the national convention in 1900. The following year the Providence Life Underwriters Club joined the national Association, giving its date of origin as May 31, 1901. Consequently, it was listed as the 29th oldest association that time.*

The most reliable source for determining the anniversaries of the older units is the "Tabulated Report of Local Associations," compiled by the Statistics Committee and published with the Proceedings of the NALU annual conventions from 1893 to 1920.

---

[i] Ibid., p 109

[ii] Ibid., p. 157

[iii] R. Carlyle Buley, The Equitable Life Assurance Society of the United States: 1859-1964 (in two volumes), Appleton-Century-Crofts, New York, 1967. Vol. I, p.330

[iv] Stalson, Op. Cit., Appendices 16 and 17, pp. 801-806.

[v] Ibid., p. 523.

[vi] Harris Proschansky, Ph.E., The National Association of Life Underwriters: Its First Forty Years (1890-1930), New York University, N.Y., pp. 55-57

[vii] Ibid., p. 58.

[viii] Ibid., p. 63.

[ix] Insurance Index, June 1872. Cf. Proschansky, p. 67.

[x] Proschansky, Op. Cit., p.69

[xi] Ibid., pp. 90-93

[xii] Ibid., pp. 83-87.

[xiii] Life Association News, Vol. I, No. 1, p. 3.

[xiv] Proschansky, Op.cit., pp. 88, 88, and 89.

[xv] LAN, November 1908, p. 4.

[xvi] Proschansky,Op. Cit.,pp. 94

[xvii] Proceedings, 1890, p. 64

Voices from the Field

Issues and Accomplishments of the First 15 Years

Part 1

Even though everyone seemed anxious to avoid topics that might lead to heated controversy, serious questions regarding unethical business practices were unavoidable. It was, after all, dissatisfaction with the way certain companies and agents conducted business that impelled the agents to organize in the first place. Despite its proven value in bringing untold benefits to the American people, there was much that was not right about how life insurance was marketed during the last decades of the nineteenth century.

Fierce competition for business had given rise to a variety of abuses. Even though the majority of agents probably conducted their affairs honorably, there were many who, under pressure to meet ever-rising production goals, resorted to any scheme that promised large sales. In an unbridled marketplace, these reckless tactics were widespread enough to put the whole industry in a very bad light. People were beginning to have second thoughts about what they were getting for their premium dollars. The loss of public confidence was very much a concern of the men gathered at the Parker House. Clearly, the life insurance industry needed regulating, and its house put in good order. While they relied on subtler and less direct means than earlier groups, the founders of the NALU were nevertheless wholeheartedly committed to a program of reform.

One of the most pernicious and widespread abuses was rebating in order to make a sale. Allowing the policyholder to pay less than others of his age for the same coverage struck at the foundations of actuarial science, bringing into question the soundness and validity of the very concept of life insurance. Calling it a form of concealing the bargain, Dr. Proschansky explains the deleterious effects of rebating practiced on a wide scale:

> Perhaps its most serious consequence was the feeling of distrust, which it engendered among the buyers of insurance. Since insurance was given at a discount when procured through a rebate, the buyer reasoned that it was not worth its full value. Aware that many were getting rebates, the average policyholder felt that he was being discriminated against by the company if he was not offered one …
>
> The practice of rebating induced people to take out excessive amounts of insurance frequently at high rates, which were beyond the means of the average person. The inevitable high ratio of lapsation was harmful to both the company and to the policyholder.
>
> The buyer of insurance at a discount was frequently not content with receiving merely a rebate on his first premium. Tempted to demand a rebate on his second and succeeding premium payments, he often dropped his policy when the rebate offered was refused. He then repaired to a rival company and again sought a policy offering a rebate. Among the more important effects of this instability on the part of the policyholder were high acquisition costs of many life insurance companies; such excessive costs were an important cause for the failure of the smaller companies.
>
> In castigating the company that encouraged rebating, Jacob L. Greene [at the time, president of the Connecticut Mutual] succinctly summarized the unhealthy consequences of the practice:
>
> "It has dishonored its own policies by offering them at less than their popular price, or else it has tried to get too high a price wherever it could. It has raised the question whether its premiums as published have any real relation to the policy contract. It has violated mutuality at the outset. It has charged different prices for the same thing to different men to whom it professes impartial mutuality. By raising its commissions and other expenses for new business to the point that allows the present scale of rebating, it makes that new business so costly that there is no profit in it to the company."[i]

Owing largely to the efforts of life underwriters associations, ten states had passed anti-rebating laws by 1890. Leading the pack was the Boston Association which persuaded the Massachusetts State Legislature to enact a law on April 21, 1887, prohibiting "any distinction or discrimination in favor of individuals between insurants of the same class and equal expectation of life in the amount or payment of premiums or rates charged for policies."[ii]

From the moment of organization, the Pittsburgh Association conducted a vigorous campaign to combat the rebate evil, and finally succeeded in getting a law similar to the Massachusetts anti-rebate law enacted in Pennsylvania in 1889.

Regarding these lobbying campaigns, Proschansky observes, "In the case of both the Massachusetts and the Pennsylvania anti-rebate laws, there is no indication from the available evidence that associational efforts on behalf of their enactment were aided in any way by public demand for the legislation. The greatest single factor in ensuring their passage was the work of the agents' associations."[iii] In the other states, the story was the same. Invariably the life underwriters associations could be seen at the forefront of the drive for regulatory legislation.

The associated agents also worked hard to effect reform from within. While refraining from blacklisting and other coercive measures, many of the local associations asked members to sign agreements not to engage in rebating. Thus, by example, at least, they raised the ethical tone of their local marketplaces.

When the delegates reassembled in room 12 at the Parker House for their final session on the afternoon of June 19, Plummer was asked to read two resolutions proposed by the NALU Executive Committee. (They had held their first meeting just before lunch.) The first called for the early formation of local associations in all states. The second was a denunciation of rebating:

> Resolved, that this Association is heartily in favor of using every moral and legal restriction possible to prevent giving away any possible part, either directly or indirectly, of the premium to the insured on the life insurance policy.

There was no discussion and the resolution was adopted unanimously "amid prolonged applause."[iv]

Rebating, of course, was only one of the many obnoxious practices tarnishing the image of the life insurance business in this country. Co-workers, company heads, insurance commissioners and politicians would all come to know the associated agents' impatience with incompetence and their distaste for underhanded means. During the following decades the NALU and its affiliates would set about rectifying abuses and exposing malpractice in all their various guises—on local, state and national levels. Association leaders would give speeches, pass resolutions, publish articles and books, initiate educational programs, needle companies and goad legislators. In exposing inept and dishonest agents, they would lodge complaints with state officials and file lawsuits. Above all, they would aim at showing their fellow life underwriters honorable and more efficient ways of doing business. It would take a hundred years.

Meanwhile, having announced war on rebating, the delegates devoted the remainder of the session to a friendly exchange of views on how to involve the rest of the nation's agents in the association movement. They adjourned early in order to allow time for the Boston Association's business meeting and for everyone to dress for dinner.

The National Association of Life Underwriters concluded its first convention with an elaborate banquet that evening. It was held in the grand banqueting hall on the main floor of the Parker House, which the reporter described as "richly festooned with draperies of American flags, in the center of which appeared a life-like portrait of the late Henry H. Hyde, justly regarded as the pioneer life insurance solicitor of America as regards perseverance, intelligence and success, and the prototype of the successful solicitors of today."[v]

The guest list presented dramatic proof of the Boston agents' success in cultivating valuable friends. Two company presidents attended: T.W. Russell of the Connecticut General Life and John De Witt of the Union Mutual. Others gracing the head table included Thomas N. Hart, Mayor of Boston, George S. Merrill, Insurance Commissioner of Massachusetts, Rev. Edward Everett Hale and John D. Long, former Governor of Massachusetts and future Secretary of the Navy.

Hale, the well-known author of *The Man Without a Country*, was the principal speaker of the evening. Congratulating the agents on having formed a national society, he urged them to extend the benefits of life insurance to all classes of society. "You should not be satisfied with this upper crust whom you are insuring now," he said, "take in us poor dogs who belong to the lower grade, and insure everybody."

Mayor Hart amused the members when he thanked them for returning the *Putnam Bradlee* undamaged.

During the following year, the Executive Committee held two meetings: the first at the Brunswick Hotel in New York City on October 28, 1890; the second at the Rennert Hotel in Baltimore on March 20, 1891. These meetings resulted in proposals to refine the constitution of the National Association, the establishment of a number of committees, and the approval of the constitutions of new associations seeking admission to the national body.

As everyone hoped, the successful launching of a national organization gave added impetus to the association movement. When the NALU met at the Hotel Cadillac in Detroit on June 17, 1891, for its second convention, twenty-three associations sent delegations. Associations had also been formed in St. Louis, North and South Carolina, Minnesota and Wisconsin. The NALU wasted no time in initiating its drive for improved business practices. At this stage, many members seemed to favor some degree of federal supervision in the industry, and heartily approved Thomas Morgans's proposal for establishing a bureau of insurance in the District of Columbia. To encourage better industry regulation on the state level, the Executive Committee had appointed a committee to draw up a model anti-rebating law to guide associations eager to push for regulatory legislation where none existed. In presenting the proposed bill to the convention, Caleb Tillinghast, chairman of the committee, explained that it was based largely on New York's statutes.

Another proposal that excited keen interest came from John H. Nolan of Chicago, who urged the foundation of a professorship of life insurance at the recently chartered University of Chicago. (John D. Rockefeller and several prominent of the Chicago Financial community had provided large endowments to establish this university.)

The leaders of the NALU knew they must have their organizational machinery in good working order before they would see any real progress. During the second day of the meeting, considerable time was devoted to changes in the constitution and bylaws. This proved to be only the first in a series of measures to modify the structure of the Association. It was an evolutionary process. The question of how a large, national organization should be governed became increasingly complex as the Association grew.

The proposed amendments had to do with the number, selection, tenure and functions of the officers. The problem centered on reconciling the need for strong leadership—from whatever quarter—with an eagerness to allow all members to have a voice in determining policies. The issue was aggravated by sectionalism. On the one hand, stability and continuity were essential if the Association was to accomplish its long-range objective for improving the position of America's life insurance agents. On the other hand, the organization could lose its national character if it came to be dominated by a few influential men from the large urban centers in the East, where there was a heavy concentration of members as well as company offices. These questions were to plague the NALU throughout the decade.

For the moment they decided to reduce the number of vice presidents to two. Eventually a solution was found in the composition of the Executive Committee. This arrangement entitled each local association to one representative who served for a term of three years. In this way both wide representation and a degree of continuity was attained. To fill the major offices for the 1891-92 term, the delegates elected New York's Charles H. Raymond, president, and Layton Register and General Harbison of Hartford, vice presidents. William Ratcliffe was reelected treasurer and Caleb Tillinghast, a general agent for the Equitable in Cleveland, was named chairman of the Executive Committee. During these years Plummer served as secretary both for the Executive Committee and the NALU.

Colonel Raymond, who had spent practically his whole adult life in the life insurance business, headed one of the most successful agencies in the country. He was a close friend and partner of Richard A. McCurdy, president of the Mutual Life of New York. McCurdy's son, Robert, and son-in-law, Dr. Louis A. Thebaud, were also partners in the Raymond agency. Originally from Albany, Raymond had been educated in Europe. After completing his schooling he returned to serve as Deputy Superintendent of the New York State insurance Department. When the Civil War broke out four years later, he enlisted as an officer of the Zouaves and distinguished himself in several major campaigns. Returning to civilian life after the war, he became president of the Widows' and Orphans' Insurance Company for a time before joining the Mutual Life.

Tillinghast set the organizational machinery humming. In October he called a meeting of the Executive Committee at the Hotel Brunswick in New York City, and the following May at the Hotel Wellington in Chicago. The leaders of the NALU were eager to establish liaisons with other insurance organizations. Invitations to the next NALU convention were extended to the recently formed Association of Actuaries and the Association of Medical Examiners. Since the insurance commissioners planned to hold a convention in St. Louis the following September, a committee was authorized to communicate with C.B. Ellerbe, president of the National Convention of Insurance Commissioners, on issues of particular interest to agents.

Responding through their legislative committee in a letter dated September 15, the insurance commissioners heartily concurred with the associated agents, views, and stated their intentions of acting on their recommendations. The list provides a good index of which problems Tillinghast and his colleagues considered most critical. They asked the commissioners to address ways of enforcing anti-rebate laws and the enactment of effective legislation where none existed. Other concerns recommended for the commissioners' consideration were: the suppression of "fraudulent short-term bond and endowment societies"; an investigation of "that class of assessment associations which are organized, not for any benevolent object, but for the purpose of securing money from the credulous and unwary";

ways of eliminating "company and agent attacks upon rivals in the use of anonymous, misleading and abusive literature"; and the reduction of "excessive taxation" in some states.[vi]

Assessment and fraternal societies, as opposed to legal reserve life insurance companies, were organized as self-help groups to defray expenses for funerals and extended illnesses. While they originated with the most noble intentions, many failed because they neglected to build up enough reserves. Often based in a rather simplistic "passing of the hat" principle, they lacked administrative facilities and actuarial expertise. These organizations grew out of a widely felt need for an alternative to life insurance. Their popularity was one manifestation of the growing reaction against life insurance, resulting from mismanaged companies that employed deceptive marketing tactics and finally proved insolvent. In many cases, assessment societies were built on an illusion that ignored the realities of actuarial science. Preying on the naivete of the public, not a few were ephemeral moneymaking schemes from which their members never derived the promised benefits.

This explains the association members' alarm at the growing popularity of assessmentism. They were not attacking well-managed benevolent societies but those that were patently commercial in intent and actuarially unsound. The NALU and its affiliates, however, made little progress in checking or regulating these operations:

> Although successful in inducing legislators to enact anti-rebate legislation, the local associations met with very little success in their attempts to curb assessmentism in its various manifestations. In view of the very large numbers of members enrolled in such societies, it was quite patent that legislators would not risk stirring up a hornet's nest about their ears by enacting restrictive legislation. As Stalson wisely notes: "Members of the various 'societies' acted as a solid block of influence in their favor. No politician was foolhardy enough to risk his position by standing out against them."[vii]

It was rebating, however, that Raymond focused on in his opening address to the NALU convention at New York's Carnegie Music Hall that September. "The reason for the merely gradual effect of our efforts toward this reform is found in the fact that the morals of our business cannot be entirely influenced by the acts of associated agents," he told the delegates. "In the companies, and the companies alone, is to be found the means for a speedy elimination of this pernicious fault."

The delegates agreed and unanimously passed the resolution proposed by the Executive Committee:

> Be it resolved by the National Association of Life Underwriters that the companies—who need no assurance of the loyal devotion of their agents—are earnestly requested to promptly adopt such measures as will exclude from the business all agents who may thereafter persist in the practice of rebating.[viii]

Copies were sent to all the companies with the delegates' signatures attached. Responses ranged from indifference to very positive endorsements. The National Life Insurance Company of Vermont, for example, issued a warning to its agents that anyone found guilty of rebating would be instantly dismissed.

Another proposal that won the delegates' ready support represents the NALU's first official steps in promoting agent education. They appointed a committee of five "to correspond with the various leading educational institutions for the purpose of ascertaining to what extent they now teach the principles of life insurance, etc."

Recognizing his able leadership, the delegates elected Caleb Tillinghast president for 1892-93 and selected Cleveland as the site for the next convention. At fifty-two, Tillinghast enjoyed a high reputation in life insurance circles. As a young man he had attracted the notice of the Equitable for his brilliant record as a manager of the New York Life in Kansas, Nebraska, Texas and Colorado. A few months before his election as NALU president, Tillinghast had resigned his position as manager in southern Ohio for the Equitable and accepted, in connection with his two sons, the management of the Manhattan Life. Later when he was named vice president of the provident Savings Life, the editor of the *Ohio Underwriter* commented, "Mr. Tillinghast is reported to have made a fortune in the life insurance business," adding that he was a "shrewd, broadminded, long-experienced" underwriter.[ix]

By the close of the convention on September 23, forming local life underwriter associations was becoming a national habit. Seven new associations had joined the NALU with the South particularly well-represented. During the previous year associations had organized in Louisiana, Kentucky, Tennessee, Alabama, and Texas. The following year Virginia and Georgia were added to the list. The total number of associations affiliated with the NALU as of September 1892 was thirty.

Little by little, throughout the industry they made their presence felt. Addressing the NALU convention in Cleveland on September 6, 1893, Henry Worthington Smith, editor of Philadelphia's *United States Review*, spoke of the

influence the life underwriters associations were having. Noting that there had been few changes in the theory of life insurance in recent years, Smith observed:

> On the practical side of this work, however, there have been great and radical advances. New and more liberal policy contracts have been adopted. The personnel of the agency force has been improved. Managers and solicitors, better instructed, have come to understand that a predatory and unscrupulous warfare, in which the hand of every man is against the throat of his neighbor, does not advance either the business as a whole or that of the individual solicitor. The field workers have come out from under to yoke of a bondage created by bitter animosities and formed associations for the common weal. They have also come to a better knowledge of each other. They met at stated times, broke bread together, and became mutually helpful.

This altered situation promised substantial benefits to the insurance-buying public, Smith felt, crediting the life underwriters associations with having provided the stimulus for many of the improvements within the industry.[x]

There were thirty-eight associations represented when the fifth annual convention met in Chicago on June 20-21, 1894. Charles H. Ferguson of Chicago was the president that year. The business sessions were conducted in Recital Hall at the Auditorium Building. Attendance at this meeting was nearly double the previous meeting in Cleveland. This was taken as a strong indication of generally high interest in the association movement, as the official reporter of the convention observed, "in view of the financial depression which had been felt keenly within the rank and file of the life insurance profession."

Always fine-tuning its organizational machinery and improving the quality of its meetings, the NALU at this stage maintained seven standing committees, headed by key members of its oligarchy. In 1894, Plummer chaired the Speakers Committee, Charles Raymond was assigned to Finance, and Tillinghast had charge of Topics and Publication. The committee on Local Associations was chaired by Ben S. Calef; Ways and Means by Charles Ferguson. Henry C. Ayers of Pittsburgh was in charge of the committee on Statistics while George Hadley managed Credentials.

It was at the Chicago meeting that the idea of holding an annual essay contest was introduced. Ben Calef donated a silver loving cup to be awarded to members submitting the best papers for presentation at the annual NALU conventions. Joseph Ashbrook, Henry Ayers and H.L. Sheppard of Minneapolis made up the original awards committee, assigning the subject, "What Life Underwriters' Associations have Accomplished for the Benefit of Companies, the Agents, and the Public." C.W. Van Tuyl of Minneapolis was the first winner of this award. Prize essays continued to be a feature of the conventions until 1922.

The Executive Committee recommended that steps be taken by local associations to seek appropriate legislation in thirty-seven states that did not have anti-rebating laws. The delegates readily endorsed the program, but several expressed the view that these measures could have only limited effect, since the heart of the problem remained: ridding the business of unqualified and unethical field men. During the lengthy floor debate on the "Advantages of anti-rebate laws, as for the people, the companies and the agents," twenty-nine year-old Edward A. Woods, a delegate from Pittsburgh, rose and offered this observation:

> It seems to me that if no scheme can be devised for elevating the character of life insurance men, that the National Association of Life Underwriters had better adjourn...The unethical agents are the basis of all the evils this association has anything to do with. You can pass all the laws you please, make all the recommendations you please, but if you cannot eliminate a certain class of men from our business, we are wasting our time.

During the following year the agents were successful in getting a number of states to adopt anti-rebating measures. By 1895 nineteen states had anti-rebating laws.

Part 1

Part 2

Part 3

Part 4

Part 5

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

**Henry Hazen Hyde was the father of Henry B. Hyde, founder of the Equitable. When he died in 1873, one trade journal, The Solicitor, considered him "in many respects the most remarkable man in the country, perhaps in the world, as connected with life insurance in the United States....He was without a doubt the most successful life insurance canvasser in the world, having insured risks to the amount of over twenty million dollars in Boston and vicinity, and paid out about two and a half million."*

[i] Op. Cit., pp. 11-13

[ii] Standard, April 30, 1887, p. 386

[iii] Proschansky, Op. Cit., p. 98.

[iv] Proceedings, 1890, p.56.

[v] Buley, Op. Cit., pp. 154-156.

[vi] Proceedings, 1892, pp19-26.

[vii] Proschansky, Op. Cit., pp137-138.

[viii] Proceedings, 1892 p.21.

[ix] Op. Cit. May 13, 1897.

[x] Proceedings, 1983, pp. 27-36

Voices from the Field

In the Wake of the Armstrong Investigation

"Such a wholesale house-cleaning could not fail to be good for any human institution, could not fail to give it a mighty impulse along the road of improvement…"

—Charles W. Scovel

NINETEEN HUNDRED FIVE WAS THE YEAR the life insurance industry in America underwent its initial shock treatment at the hands of Charles Evans Hughes, who conducted the "Armstrong Investigation" in New York City. Concern that all was not as it should be in the life insurance business had been mounting for some time. The popular press had been particularly critical charging that consumers suffered needlessly from industry mismanagement. Harshest and most devastating was a series of "muckraking" articles by Thomas W. Lawson, which appeared in *Everybody's Magazine* beginning in July 1904. Another series of exposés by John W. Ryckman, editor of *Era Magazine*, that excited wide interest and resentment began in October 1904 and continued through June 1905. Unsparing in his attacks on the Big Three, Ryckman carefully exposed instances of reckless and unscrupulous practices in top management and called for immediate reform. When Joseph Pulitzer's crusading *New York World* took up the cause with a series of sensational pieces, the outcry became general.

Much of the attention centered on the cozy relationship between the executives of a number of big life insurance companies and some prominent figures on Wall Street. Public interest was aroused when such names as J. Pierpont Morgan, E.H. Harriman and Thomas Fortune Ryan became linked with James Hazen Hyde and James W. Alexander of the Equitable; with John A. McCall and George W. Perkins of the New York Life and Richard A. McCurdy of Mutual Life. Investment interests of the Equitable especially attracted wide attention, resulting in a power struggle among its top officers. Describing the circumstances which led to crisis, R. Carlyle Buley explains:

> During the period after 1880 the investment banker had acquired a very important position in the American economy. After the railroad reorganizations of the 1890s, the investment bankers turned their attention to the consolidations in industry—copper, steel, international shipping, and others. These ventures required flotations of large amounts of securities which had to be purchased out of the savings of the people. One important pool of savings were the funds in the hands of the large life insurance companies….
>
> Not only were the investable funds in the hands of the life insurance companies of sizable proportions, but, since they were not subject to call for long periods of time, they were particularly suited to the needs of the investment banker. Consequently, in the early 1900s strong competition developed among the leading investment bankers or banking groups for the control of, or positions of favor with, the large life insurance companies. In fact, it was this competition for the control of Equitable, the only stock company of the big three, which was one of the basic causes of the bitter conflict which developed within the Society in 1905 and which, in turn, was a major cause of the New York legislative investigation.[i]

For their part, the managers of the large life insurance companies needed the investment bankers for securities in which to invest their rapidly accumulating funds. They also used their close connections in the great banking houses to establish or acquire financial subsidiaries of their own—banks and trust companies. "These financial affiliates or subsidiaries widened investment opportunities," Buley explains; "they could make collateral loans and stock purchases and engage in syndicate operations in securities. With liberal deposits maintained in them by the life companies they earned and paid large dividends both to the life companies and to the officers of those companies who as individuals owned stock in them."[ii]

Prominent among the life officers who had invested heavily in such ventures was the young James Hazen Hyde, son of Henry Baldwin Hyde, founder of the Equitable Society. This cultured young man was known for his great personal charm, intelligence, good looks—and considerable wealth. Following the death of his father in 1895, the younger Hyde had risen rapidly in the company, becoming second vice president in 1899 when he was only twenty-three years old. In 1902 he became chairman of the Executive Committee and the Finance Committee of the Society's board of directors, and commanded a salary of $100,000. His rapid rise to prominence cause bitter resentment

among the Equitable's older executives.

Apart form the sizable fortune he had inherited from his father, along with 502 shares of Equitable stock, Hyde also benefited financially from his connections on Wall Street in various ways. As vice president of the Mercantile Trust Company, he received an annual salary of $12,500 and as vice president of the Equitable Trust Company, $12,000. Of course, he owned stock in these companies, as well. Dr. Buley comments:

> By 1905 he had become a Director of 48 corporations—mostly banks, trust companies, and railroads—and the Conried Metropolitan Opera Company and the Federation of French Alliances in the United States. These directorships brought him into contact with all the leading figures in the financial world—Morton, Ryan, Schiff, Harriman, Morgan, and others. This rapid rise to such a position of importance he assumed was the result of outstanding ability in the field of finance; he did not seem to realize that it was largely owing to his position in Equitable in which he had become the majority stockholder.[iii]

The first sign of a power struggle at the Equitable occurred when Hyde objected to President Alexander's attempt to have his son, Henry Martyn Alexander, who had become a director of the Society in 1904, appointed to the Executive Committee. From then on, Alexander and other senior officers sought to curb Hyde's power and remove him from office. The notoriety surrounding Hyde's entertainments and sporting activities provided them with a handy weapon. Actually, his pleasures were quite innocent—coaching, the theatre and dinner parties, mostly. On average he spent about three months of the year at his Paris residence, but even some of his time there was devoted to looking after the Equitable's extensive European interests. Hyde was no debauchee, and his behavior was no more conspicuous than other wealthy young men of his New York millionaire set—the Gould and Vanderbilt boys, for instance. However, this was the age of the muckraker school of journalism, and when the trouble at the Equitable began to surface, the popular press had a field day.

It was James Hazen Hyde's famous party at Sherry's in New York City on January 31, 1905, that really provided grist for his enemies' mill. Many still believe that if Hyde hadn't given this one party, there would never have been an Armstrong investigation. Given as a coming-out party for Hyde's niece to which all of New York's "best people" were asked, it took the form of an eighteenth century costume ball intended to imitate the splendor of Versailles during the last days of the monarchy. Over six hundred guests were treated to a ballet, a series of splendid dinners, as well as breakfast for those who chose to stay, and dancing in all rooms. The Metropolitan Opera Orchestra provided music for one of the ballrooms. Commending his exquisite taste as a host, one New York paper declared the next morning, "Mr. Hyde is a Master of the art of entertainment as it is understood in Europe…Nothing has been attempted on this side of the water which could be compared to it." The evening cost Hyde over $10,000.[iv]

Pulitzer's *New York World* was less kind. Opening with a sensationalized description of Hyde's lavish French ball, (which it claimed cost $100,000,) it began exposé installments on the troubles at the Equitable. The February 15 story unfolded to the public for the first time the company's internal conflicts. Considering Hyde to be totally irresponsible and voicing fears of having a "playboy" elevated to the presidency, the article said President Alexander and his faction hoped to oust Hyde, divest him of his stock in the Equitable, and mutualize the company. A few days later the paper printed a document in which Alexander and other Equitable officials threatened to quit unless Hyde resigned.

The negative publicity soon drew the Equitable's leading agents into the fray. Terminations were on the increase, and during the early months of 1905 over two hundred Equitable agents had resigned. As a result of the unsettled situation in the field, Alexander called a meeting of the general agents and managers at the Savoy Hotel on April 18; more than two hundred attended. I. Layton Register acted as temporary chairman of the meeting and Henry J. Powell of Louisville was elected permanent chairman. President Alexander was warmly received but when Hyde appeared he was greeted with some hissing. The following day the agents formed "The Association of Managers and General Agents" and Edward A. Woods of Equitable's famous Pittsburgh agency was elected president. Hyde declined to address the meeting but did receive a delegation of the agents (headed by Joseph Bowes, general agent at Baltimore) at his home which delivered a request that he resign.

Two investigations into the Equitable's affairs gave added weight to everything the press had been saying:

> Equitable directors appointed a special blue-ribbon committee headed by fellow member Henry Clay Frick, the steel magnate and former partner of Andrew Carnegie, to examine the company's affairs. On May 31, 1905, the panel submitted its report. It charged that exorbitant salaries were being paid to officers and favored employees, that excessive commissions were being given to field agents, that inadequate accounting procedures for disbursements existed, and that company funds were being used to support prices of Wall Street securities in which Equitable officers were intimately interested. The Frick committee recommended a complete reorganization and the removal of Alexander and

> Hyde. When the board of directors refused, Frick and the directors on his committee who backed the report resigned and leaked its contents to an eagerly waiting press.[v]

A study released a few weeks later by the New York State Insurance Department confirmed the findings of the Frick committee.

While admitting that he had been less than circumspect, Hyde naturally felt betrayed by the very people who should have served as his guides and mentors. In a letter to Henry Clay Frick regarding charges of having "acquired an unpleasant notoriety by reason of my recreations and enjoyments," Hyde said he knew of no such instance "other than that of the occasion of a fancy dress ball in which it was reported occurrences of a scandalous and indecent nature took place. These reports," he continued, "were inspired from the same sources that are now attacking me. If it is an offense to drive a coach, or to give entertainments out of my private means, it is one that is committed by many men of means and by officers identified with the Society. I have learned to realize that undue publicity attaching to the doings of officers of an insurance company is hurtful to the Society, and I very much regret that the older officers, who now claim that injury has resulted from this cause did not see fit to call my attention to the fact which they now make the subject of complaint against me in this connection."[vi]

The consumerists, though, were out for bigger game. The Equitable's problems merely served as an obvious and convenient target. The popular press would only be satisfied with a full investigation into the entire business. On April 2, a full page editorial on "Equitable Corruption" had appeared in the Pulitzer organ, asserting that the New York State Insurance Department, through its negligence, shared responsibility with Alexander and Hyde for this deplorable situation. "A searching legislative investigation is now imperative," demanded the *World*. "It should extend to the other great life-insurance companies incorporated under the laws of New York…Mr. Hyde has become merely the embodiment of one scandal in a circle of scandals. He is hardly more than an illuminating incident."[vii]

Clearly, it was time for both Alexander and Hyde to go. But it was Hyde who made the greatest sacrifice to ease the situation. In the face of so much adverse publicity he decided to sell his stock for a comparatively modest $2,500,000 to street railway promoter and financier Thomas Fortune Ryan. To restore Equitable's sagging reputation, Ryan placed his newly acquired stock in the hands of three trustees of impeccable respectability: former President Grover Cleveland, New York Supreme Court Justice Morgan J. O'Brien, and inventor-businessman George Westinghouse. Paul Morton, Theodore Roosevelt's former Secretary of the Navy, became president of the Equitable Society.

Yielding to public pressure, New York governor Frank Wayland Higgins reluctantly asked the state legislature to create an investigating committee. On July 20, 1905, the Assembly and the Senate passed a concurrent resolution authorizing creation of a special unit to examine life companies operating in New York. Senator William W. Armstrong of Rochester was named chairman of the eight-member committee.

Known as "the watchdog of the senate," Armstrong enjoyed a reputation as a conscientious and public-minded legislator. At the opening session of the hearings in the jammed, tension-charged aldermanic chamber of New York's City Hall on September 6, Armstrong announced their object was not to punish anyone for wrongdoing in the past, but rather "to get at all the salient features of the modern insurance business, so as to suggest to the next legislature an adequate law that will… protect the policyholders in all life insurance companies."[viii]

The choice of Hughes as grand inquisitor was greeted with general applause:

> The appointment of the brilliant and resourceful Charles Evans Hughes as general counsel further stregthened the committee. Hughes had just recently achieved fame and public admiration by investigating the high cost of gas in New York City….
>
> It became immediately apparent that the choice…was superb….Thorough and precise, he interrogated scores of witnesses about wasteful, hazardous, and dishonest practices….By calling prominent witnesses over the course of the three-month investigation, Hughes kept the public intensely interested. [ix]

Adroitly, Hughes probed into methods of company control, investments, participation in syndicates, political lobbying (which sometimes bordered on bribery), instances of nepotism, policy restrictions and the expense of acquiring new business. In questioning Richard A. McCurdy, president of the Mutual, on size and expenses, Hughes elicited the response that life insurance was essentially a great, beneficent missionary institution which should be extended to all people as far as possible.

"Well, you have made a very full explanation and treated it as missionary enterprise," Hughes said. "The question comes back to the salaries of the missionaries." Further inquiry revealed that McCurdy's salary was $150,000; the

salary of his son, Robert, who was general manager of the Mutual, was $30,000. In addition he received commissions on the foreign business which amounted to about $100,000 per year. McCurdy's son-in-law, Louis A. Thebaud, through his interest in the general agency in New York City (Colonel Raymond's agency) had an income of $147,687 in 1904; his brother-in-law was medical director of the company and his son-in-law's cousin was inspector of risks. Other members of the family were attached to the payroll, as well.[x]

Byzantine method, favoritism, nepotism, as well as other "irregularities" uncovered during the hearings, were not unusual at the time. By no means limited to the life insurance business, these were practices common throughout the business world. As Stalson observes, "These men were not only the victims of a system within their own business, they were part of the larger system of ruthless competition and business autocracy characteristic of the day. Moreover, if the leading companies and the leading officers in the heyday of their glory had enjoyed the greatest gains, they were also administered the greatest punishments when retribution day rolled in. McCurdy, Hyde, McCall and Perkins resigned; the McCurdy family returned large sums of money to the Mutual Life; McCall died early in 1906, broken by his discredited portion, his many good services to life insurance mostly forgotten –he also had refunded large sums to his company."[xi]

The Equitable was mutualized. Having testified before the Committee and sold the family estate ("The Oaks" on Long Island), Hyde sailed on the French liner *La Lorraine* on December 28, 1905, to take up permanent residence in Paris. As for Charles Evans Hughes, he became the next governor of New York and ended his career as Chief Justice of the U.S. Supreme Court.[*]

The hearings closed on December 30, and the Committee released its findings on February 22, 1906. As Stalson wryly notes, "The implications for policyholders were anything but reassuring and the public was not amused." Noting that the cost of getting new business was very great and that rebating was common and unfair, the Committee was particularly critical of the Big Three in their fierce drive for business:

> The business of the *Mutual*, the *Equitable* and the *New York Life* has grown beyond reasonable limits. Notwithstanding the fact that they have long since passed the point where further enlargement can benefit their policy holders, they have resorted to every effort to obtain new business, regardless of the expense which is reflected in diminishing dividends. Fearful of losing prestige, the chief concern of each has been to keep up with the others. Extravagant commissions have been paid and these have been supplemented by liberal bonuses and prizes. Clubs have been formed, conventions held, and money lavishly expended for the entertainment of agents to excite them to their utmost endeavor. Some have sought to justify his mistaken course by the claim that they were fulfilling a duty in distributing broadcast the benefits of life insurance. Much has been due to pride of growth and zeal for impressive totals, while the huge accumulations of the companies and the great responsibilities involved in their management have furnished pretexts for increased salaries and extravagant administration.[xii]

For the life insurance industry, the Armstrong hearings marked the end of free-wheeling autocracy in the conduct of its affairs. The committee's findings sent shock waves throughout the nation. Other states conducted similar examinations and their legislators followed New York's lead in passing laws designed to make the companies answerable to the public and subject to the close supervision of insurance commissioners.

Among other reforms, the Armstrong hearings spelled eventual doom for tontine insurance in its various guises. These deferred dividend policies (first devised in the seventeenth century by Lorenzo Tonti, financial advisor to King Louis XIV) paid dividends only if the insured survived the time period specified in the contract. Thus, survivors supposedly would receive handsome returns while those who died before the specified date of distribution or who allowed their coverage to lapse would forfeit all rights to accrued dividends. In its report the Committee had noted that the Big Three sold mostly tontine policies on which dividends had fallen far short of the estimates made for policyholders at the time of purchase. As the hearings brought out, companies which marketed tontines had accumulated large amounts of capital through the sale of these policies since, unlike annual dividend insurance, they did not have to disperse yearly payments. Furthermore, since the company did not pay a cash surrender value on tontine policies, lapsed money was not returned. The amount provided sizable; a twenty-five percent or higher lapse rate was common. By outlawing tontine policies, New York and many other states cut off a large supply of revenue for a number of companies and a popular source of income for their agents. Many of the laws resulting from these highly publicized hearings coincided with concepts the leaders of the NALU had been advocating all along. As Prochansky comments, "To the NALU the cataclysmic events of 1905 did not occasion surprise. It had been putting up storm warnings for a decade and a half." From the beginning, it had sought a marketplace where enlightened and fair practices prevailed. If anyone wanted prudence, competence and social consciousness to predominate in company boardrooms, certainly the associated life underwriters did.

Although the investigation focused on company management, and only company officers were put on the witness

stand, the agency force was also under scrutiny—by implication. The question of high commissions and bonuses as one cause of the "exorbitant cost" of insurance came up repeatedly. While they welcomed reform, association leaders also felt some apprehension. The abuse heaped on the life insurance industry through the exposure of questionable practices among the chief executives of life insurance companies shook public confidence in the business. A scandalized public became a leery public, reluctant to put their faith and money in the institutions run by wheelers and dealers. It became increasingly obvious that the public image of both the business and its agents had suffered serous damage. Members of local associations feared that reform might go too far, creating a marketplace so restrictive that their efforts to promote life insurance sales would be inhibited unduly. They eagerly sought ways to moderate the voices of a hostile press and restrain the hands of legislative zealots.

There was ample reason for alarm. Observes H. Roger Grant, author of *Insurance Reform: Consumer Action in the Progressive Era:*

> Disclosures of the Armstrong Committee excited insurance agents and executives alike, but for reasons quite different from those motivating consumers and the press. As daily reports appeared, worried individuals began to cancel policies, and agents found it increasingly difficult to find new customers. In fact, the volume of life insurance in force when the Armstrong hearings began would not be equaled again until 1910. In addition to their anxieties about the decline of business in force, life insurance men feared policyholders would begin to patronize fraternals for their needs or, worse yet, agitate for public sponsored insurance.[xiii]

These considerations absorbed much of the NALU's attention during the next decade. Consequently, a good deal of the activities of each local association—as a sort of NALU in miniature—reflected this preoccupation with reform. In each community, enlightened leaders in the life underwriters associations strained to improve the agent's status and restore public confidence in the industry. For members of a badly shaken industry with a demoralized field force, these were uncertain times. To appreciate the accomplishments of the NALU and its affiliates during these years, it is necessary to remember that they continued to function and grow under singularly trying circumstances when morale was low and prospects not altogether bright.

Responding to the new order inaugurated by the Armstrong hearings, the leaders of the National Association considered their options, took into account the available means, and set their priorities. In formulating their goals, they concentrated on four areas: two required immediate attention while the other two became long-range programs.

First, seize every opportunity to influence all proposed legislation affecting the business. Action must be timely, well-thought-out and highly coordinated.

Second, strengthen and extend the Association movement by enlarging membership and improving the organizational structure. New associations would have to be formed where none existed and agents everywhere urged to join an association. A revision of the constitution was needed, and funds would have to be raised to set up a permanent headquarters with a paid staff to assist the officers in coordinating activities, maintaining regular communications with local associations and producing a magazine.

Third, seek the cooperation of the companies in launching publicity campaigns to restore the tarnished image of the business and educate the public in an appreciation of the value of life insurance.

Fourth, raise the occupation of agent to that of a profession by developing educational programs to train agents in business ethics, salesmanship and informed marketing practices. Assure the integrity of the marketplace by establishing qualifying credentials for everyone engaged in life underwriting. Create pressure to dismiss incompetent and unethical agents and discourage the appointment of part-timers, thus reserving the field for dedicated, full-time career agents.

These goals inspired all the NALU's activities during the next few years and determined the future course of the Association for the rest of its history.

At first the NALU assumed a watch-and-wait posture, going about its business quietly and cautiously, thought there is ample evidence that its leaders anticipated some of their organizational needs as they braced for the coming storm. The clouds of trouble were only on the horizon on April 13, 1905, when the Executive Committee met at the Hotel Bellevue-Stratford in Philadelphia. Twenty-seven officers and members attended, making it the largest midyear meeting by five so far. Reporting to the convention the following fall, committee chairman Everett Plummer remarked, "The attendance alone emphasized the great interest in the work of the association and marked the character of enthusiasm that has accompanied the administration of President Dolph from the beginning." (Dolph had already visited twenty-seven local associations.)

It didn't take a genius to figure out that the life insurance business was facing a crisis. The leaders of the NALU set about strengthening their organization, expanding its influence and visibility and shoring up its reserves. Their approach was practical and no one seemed above giving attention to mundane details—including the matter of finances. Dolph suggested engaging a permanent secretary to assist either the president or the secretary throughout his term of office. At the national convention the previous year the delegates had approved a recommendation of the Executive Committee to raise money by subscription from the various local units to meet such operational expenses. Some associations were quite generous. Chicago and New York each contributed $250; Philadelphia and Boston gave $200 each; St. Louis sent in $100. By September Plummer was able to report $1,180 had been raised.

Realizing the need to improve communications and publicize the work of the Association, Earnest J. Clark expanded considerably the role of the NALU secretary. Plummer's report to the national convention in Hartford included this suggestion regarding the use of Association funds:

> During the past year the office of secretary has been an exceedingly busy one, made so by the energy and earnestness with which Mr. Clark has performed his duties. He has organized the work and instituted such an excellent system that the entire association movement is receiving an impetus because of his splendid efforts. This he has done practically at is own expense, but we are sure the association would not have this continue. We, therefore, recommend that the sum of $50 per month be appropriated for an assistant to the secretary….

With the problems at the Equitable making front-page news and the press clamoring for "full investigation," the committeemen were especially anxious that the convention be run as smoothly as possible. They also took pains to ensure that the sessions would prove fruitful and interesting for the delegates. Among other items on the agenda at the midyear meeting was the report of the committee on topics. After listing the subjects selected for the five-minute discussions, the committee's chairman, E.O. Sutton of Springfield, Massachusetts, recommended greater care in the selection of speakers and making certain they were well prepared:

> Experience has shown that its complete success can only be assured when a good number of delegates of ability and fertility of ideas, and who are accustomed to public speech, come to the convention pledged to speak to each topic. When this plan is followed a general debate is quite sure to ensue. In the absence of prearrangement the discussions have either painfully dragged or failed altogether.[xiv]

The Armstrong Committee hearings had been in session a little over a week when the associated agents convened on September 19 in Hartford—then, as now, the site of the home offices of a number of important life insurance companies. Despite the tension pervading the industry, the reports of the convention generally reflected a spirit of confidence and camaraderie, not only among the agents, but also between the field men and their companies. "The selection of Hartford," the report reads, "proved to have been most fortunate, officers of the local companies showing their interest in the National Association by their presence at the various sessions."[xv]

But inevitably, with the topic on everyone's lips, the events taking place in New York crept into the discussions on the convention floor. This was reflected in the heated debate over the resolution offered by J.J. Raleigh, a delegate from St. Louis. It was a tense moment for the NALU, as Proschansky notes:

> The resolution demanded that those responsible for executive mismanagement be punished, and that the floodlights of publicity be directed against the guilty parties. This was clearly aimed at the Big Three, and especially at the Equitable. The executive committee refused to approve the resolution. Fiery Charles W. Tuyl, delegate from the Minneapolis Life Underwriters' Association, protested violently against the action of the executive committee, and threatened that unless the resolution was adopted, a group of members would issue a statement on their own endorsing Raleigh's views. A compromise resolution finally won approval. It favored a policy of publicity but stressed the achievements of life insurance instead of directing attention to its abuses.[xvi]

Besides feeling the effects of the Armstrong hearings, the national body was entering a new era in another sense. This was a time for the changing of the guard. By the end of 1905 five former presidents of the NALU—Carpenter, Tillinghast, Ferguson, Calef and Hendrick—as well as the organizations only honorary member were all dead. The Association was developing a new generation of leaders. In its choice of such rising young men as Charles W. Scovel for president and Ernest J. Clark for secretary—who proved very able indeed—the national organization displayed renewed vigor and optimism. A general agent for Provident Savings at Pittsburgh, Scovel broke all previous records as a traveling executive, visiting forty-two local associations during his administration. To his colleagues, he seemed tireless. In his report to the 1906 convention, Ernest Clark let everyone know how impressed he was:

> President Scovel's association visits have covered the entire United States and Canada from Portland, Me. On the East to Salt Lake City, Utah, on the West, and Montreal and Toronto on the North to Mobile and New Orleans on the South. Outside of this extensive work he has made numerous trips to Washington, Chicago, New York, Philadelphia and Baltimore for conference, legislative meetings, etc., these extra trips alone involving 90 days absence from Pittsburg [sic] and fifteen thousand miles of travel. Much of the time he had left at Pittsburg was occupied with correspondence, keeping up with current developments, studying proposed laws, writing addresses, etc. Think of the sacrifice financially and physically which all of this involved and by a busy general agent with an extensive agency.
>
> This sacrifice as made by President Scovel, however, combined with the untiring assistance and co-operation of our other officers in taking advantage at the psychological moment of conditions as we found them, has given the National Association a strength and influence throughout the continent that it could not have gained under normal conditions in the next ten years.[xvii]

Some of the old guard were pressed into service too. Recalling those hectic days years later, Scovel said:

> In 1905-6, year of the great upheaval, Mr. Cochran did yeoman service as Chairman of the Executive Committee. He, at New York, with Secretary Clark at Baltimore, and former Presidents Plummer and Register at Philadelphia, were the ever-ready counsellors, to consult whom the then president wore smooth the rails between Pittsburgh and those cities. (From this informal beginning, sprang the present Executive Council, authorized by the new constitution of 1908.) Without the constant advice of these four wise men and a few others occasionally, the Association's new duties in the epoch-making year could not have been done.[xviii]

It was indeed the right psychological moment. Clark's assertion that the Armstrong hearings had thrust the NALU into the forefront was no overstatement. When the dust settled and the nation's leaders looked around for an identifiable and viable group that could adequately represent the life insurance business, there was only the NALU. All the half-hearted efforts of the companies to organize before 1905 had failed. The actuaries and medical examiners had formed societies, but they were small and displayed nothing like the teamwork and organizational dedication that the agents had built up over the past fifteen years. All the time spent in railway coaches, on giving dinners, listening to long speeches, hammering out the wording of resolutions and in private conference with one another was at last paying off. Perhaps more than anything else, the associated agents' strength rested on long-standing relationships. The leaders of the NALU formed a network of close friends, prominent in the business and known for their good sense, integrity and dedication to high standards. They were also, in most cases, men of considerable means who generously gave their money as well as their talents to building an effective organization. A rallying point for a distraught field force, the NALU stood alone as an organization that could speak for the industry.

Scovel and his colleagues were the only representatives of the insurance industry invited to participate in the Chicago Conference, called by President Roosevelt, to determine ways to reform abuses in the insurance business. Specifically, the aim was to devise uniform legislation for the various states in the light of the Armstrong Committee's findings. The conference, primarily for governors, solicitors and attorneys-general, as well as insurance commissioners, met in Chicago on February 1-2, 1906. Though not allowed to vote, the NALU delegates were invited to participate in the discussions.

"Our delegates," Scovel assured the agents at the NALU convention the following October, "were regularly enrolled as members of the Chicago Conference and participated in its deliberations at both meetings, besides appearing by invitation before its Committee of Fifteen and before the Judiciary committee of the House of Representatives, at Washington, at its hearing on the Ames bill, which the Chicago body had helped to frame and which President Roosevelt had recommended in a special message to Congress."

The so-called Committee of Fifteen, appointed by the Chicago Conference to make a further study of the intricacies of uniform legislation, met in Chicago on March 20-22, 1906. As Scovel pointed out, the NALU was invited to participate in their deliberations as well. Both he and Edward A. Woods testified before the group. Subsequent meetings produced a model insurance code. Though not agreeing with the Committee on all of its proposals, the NALU endorsed the code in principle. Proschansky comments:

> It enthusiastically supported it [the Committee] in opposing the following features of the Armstrong legislation: limiting volume of new business and expenses; restricting commissions and other related expenses; limiting investments, except in real estate; and limiting surplus or contingency reserve. It backed the recommendation for "complete publicity, with frequent accounting for surplus as well as reserves, and the forbidding of rebates, board and stock schemes, dated-back policies and other forms of misrepresentation or discrimination." Partly through the efforts of the NALU, the recommendations of the Committee of Fifteen were embodied into law in such states as Montana, North Dakota,

Minnesota, Michigan, Illinois, Tennessee, West Virginia, Colorado and New Jersey.[ixx]

It was early May when Scovel, George Benham of St. Louis and Clark appeared before the House Judiciary Committee in Washington. The purpose of the hearings was to consider the Ames Model Code which the Committee of Fifteen had endorsed. The Ames bill actually represented a compromise between those who favored federal supervision of life insurance (led by John F. Dryden, New Jersey's junior senator and Prudential's president) and those who preferred state regulation (supported by Morgan Bulkeley, senator from Connecticut and head of Aetna Life.) Initially, Roosevelt strongly favored a national insurance department but modified his position when the idea proved controversial and its constitutionality questioned. "It is doubtful whether Congress will assert its power over the insurance business," he said, "and it is even doubtful whether it has the power to assert." This uncertainty, Grant suggests, "conceivably led the often unpredictable Roosevelt to abandon the Dryden proposal. Instead of the Dryden format the chief executive suggested that Congress pass a set of model insurance laws for the District of Columbia, which other states and territories might then copy. Thus Roosevelt adopted the model code as the practical and 'safe' method of insurance regulation." [xx]

It is impossible to say whether the NALU's first appearance on Capitol Hill helped or hindered the situation since the proposed law never came up for debate. As Grant explains:

> Brainchild of congressman Butler Ames of Massachusetts, this measure proposed to transfer the District of Columbia's Department of Insurance to the Department of Commerce and Labor. There it would be streamlined and its laws and procedures publicized to serve as a standard for existing insurance departments. Even though the bill received both White House and industry support, the model code proposal experienced trouble. In committee the Ames bill became so burdened with amendments that it never appeared before the House. Furthermore, the House and Senate Judiciary committees concluded that Congress lacked authority to supervise insurance in any way. It is likely that these lawmakers merely reflected the lack of public interest in model insurance legislation.[xxi]

Scovel and the others reported their experiences in Washington the following week at the midyear meeting held at the Hotel Gotham in New York City. It as the largest meeting by eight ever held by the Executive Committee. Clark felt that it was "by far the most important because of the many subjects acted upon which vitally affected the future growth and influence of the National Association throughout the United States and Canada."

Register and William D. Wyman were appointed to write a tribute for another former NALU president who had recently died, James L. Johnson. Noting "he was genial and kindly and made friends by his sunny disposition, and gracious manners," the tribute stated, "He gave much time to the Underwriters' Association work, and was always earnest and painstaking." Commenting on his death at the national convention that fall, Cochran told the delegates, "James L. Johnson really gave his life for this Association—for the strenuous work he did during the years 1899-1900 was the direct cause of his failing health and ultimate physical and mental break-down."

This year marks the beginning of *Life Association News*, the official organ of the NALU. Having been assigned the task of reporting on the feasibility of publishing an official newsletter or magazine, Scovel, Plummer and Wyman spent considerable time corresponding with association leaders and with one another on the merits of the plan. They held a final meeting in New York on August 25. Cochran in reporting their decision to the convention that year, said, "As the result of a very free and candid discussion, it was decided to recommend to the committee the publishing of an organ of its own, under its own management and subject to its supreme control. That it might be brought before the convention in a practical shape, it was decided to issue two preliminary numbers of such paper (one in September and one in October) at a minimum cost."[xxii]

As might be expected, the Armstrong hearings and legislative reforms dominated the meeting of the national organization, held in St. Louis on October 23-25, 1906. "Life insurance is all the better for the Armstrong investigation and the tremendous outburst of enraged public opinion," Scovel declared in his opening address. "Such an upheaval could not fail to cause every life insurance man to search each nook and corner and do his best to correct from within any error or evil he could discover. Such a wholesale house-cleaning could not fail to be good for any human institution, could not fail to give it a mighty impulse along the road of improvement, which its leaders, with very few exceptions, have themselves at all times been seeking to follow."[xxiii]

Though generally optimistic about the long-range effects of the Armstrong hearings on the future of the life insurance industry throughout the country, Scovel still cautioned against indiscriminate reformers. "The most threatening phase of the incidental injury," he pointed out, "lies in the direction of well-meant but mistaken legislation."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

** One result of the subsequent house-cleaning a the Mutual was to change general agencies to managerial agencies. This was, according to Clough, "a move which was designed especially to break up the Raymond Agency." In May 1906, Thebaud and Raymond were dismissed as general agents for the Mutual Life of New York.*

[i] Buley, Op. Cit., p. 573.

[ii] Ibid., p. 574.

[iii] Ibid., pp. 589-590.

[iv] For a detailed description of the evening, Cf. Buley, Op.cit., pp. 596-598.

[v] H. Roger Grant, Insurance Reform: Consumer Action in the Progressive Era, The Iowa State University Press, Amers, Iowa, 1979. P. 34.

[vi] Buley, Op. Cit., p. 633.

[vii] Grant, Op. Cit. P. 34.

[viii] Ibid., p. 38.

[ix] Ibid., p. 38.

[x] Cf. Buley, Op. Cit., pp. 682-683.

[xi] Stalson, Op.; cit., p. 551.

[xii] N.Y. Legislature, Armstrong Committee Report, 1906. Vol. X pp. 392-394.

[xiii] Grant, Op. Cit., pp. 44.

[xiv] Proceedings, 1905, p.54.

[xv] Ibid., p.9.

[xvi] Proschansky, Op. Cit., pp. 190-191.

[xvii] Proceedings 1906, p.45.

[xviii] LAN, March 1919, pp. 36-37.

[ixx] Op. Cit., p. 193.

[xx] Grant, Op. Cit., p. 161.

[xxi] Ibid., pp. 161-162.

[xxii] Proceedings, 1906 p. 79.

[xxiii] Ibid., p. 24.

Voices from the Field

A Royal Commission Investigates Life Insurance Operations in Canada

Besides gaining recognition in legislative circles and providing leadership to the nation's agents, the NALU also extended its influence beyond our national borders. It was primarily to encourage and assist organizational efforts among leading agents in Canada that Scovel had journeyed to Montreal and Toronto. The widespread impact of the Armstrong hearings affected the agents in that country too where a Royal Commission was appointed to investigate the practices of the life insurance companies operating throughout the Dominion. The Canadian agents received more immediate recognition than had their counterparts in New York, however. So eager were the royal commissioners to have representatives of the life underwriters associations testify that the Montreal delegation had to apply for special permission to attend the NALU convention. With their appearance at the St. Louis convention (led by George H. Allen) the Life Underwriters Association of Canada formally became part of the NALU. The union lasted for ten years. By that time the Canadians were fully capable of standing on their own. Still, it is likely that Canadian resentment of America's reluctance to join the British Empire in its war against the Central Powers helped sever their relations. This is evidenced by the two organizations joining forces in 1918 (after the United States had entered the war) and on subsequent occasions to stage "international conventions."

Making it clear that the NALU was in no way a creature of the companies, the delegates at St. Louis underlined the fact that the organization was to be composed solely of associations representing agents. The reporter of this convention notes:

> An important amendment of the constitution was adopted, making other than strictly field men ineligible as delegates to the annual conventions, or to hold any official position in the National Association or to serve upon the executive committee, and limiting the tenure of service of future ex-presidents of the Association, as members ex-officio of the executive committee, to a term of three years.[xxiv]

The delegates elected Frank E. McMullen of Rochester, New York, and a manager for Aetna, as president of the NALU for the 1906-1907 term. Ernest Clark agreed to serve again as secretary, and Stephen F. Woodman became chairman of the Executive Committee, a post he had held twice before. At their midyear meeting, held at the Hotel Gotham in New York City on April 3, 1907, reports of committees revealed there were seventy-four associations having membership in the national organization, including twenty in Canada. It was also announced that the next NALU convention would be held in Toronto in August. That evening the members and their guests were entertained by the New York Association at the Hippodrome, followed by an informal supper at the Gotham.

Charles Jerome Edwards, general agent for the Equitable at Brooklyn, was elected president of the NALU for 1907-1908 at the Toronto Convention. The King Edward Hotel was the central gathering place, but sessions met in convocation Hall at the University of Toronto. With so many Canadian representatives—and even some from Mexico—it was the most international meeting the organization had ever held. In an expansive mood, outgoing President McMullen told the delegates, "For twenty-three years our movement was confined to the United States; until last year our association was national. Then our brothers on this side of the imaginary line joined with us, and we became international in fact, if not in name. We are banded together in a common cause, the purpose of which is to make the life insurance business the most honorable and equitable in the world."

There seems little doubt the delegates enjoyed their stay in Toronto. Commenting on their reception there, the reporter of the convention wrote enthusiastically:

> Such hospitable and lavish entertainment has never been accorded the delegates and convention guests as that dispensed by the Toronto and other Canadian hosts. Tally-ho drives, luncheons at the Lambton Golf Club and Royal Canadian Yacht Club, the moonlight sail on Lake Ontario, reception at the beautiful home of Mr. And Mrs. Herbert C. Cox in Queen's Park, closing with the annual banquet at McConkey's, will not only constitute one of the brightest pages in pleasure's memory, but has cemented a bond of international friendship and co-operation.[xxv]

The *Proceedings* of this convention, however, reveal that entertainment was not the paramount concern of these delegates. During the business sessions discussion repeatedly centered on legislation resulting from the Armstrong hearings. As Proscansky notes, "Speaker after speaker poured out vials of wrath upon Section 97 of the New York

Insurance Code which had set sharp limitations upon earnings of agents."[xxvi]

Since March 1906, when members flocked to Albany for the hearings on the Armstrong legislation, the five life underwriters associations in New York State had been united in an effort to have these restrictions modified. Though they had some success in convincing the legislature to liberalize the original proposals, most agents felt the law was too restrictive:

> There were sharp limitations on commissions, both initial and renewal. The latter could not exceed 7 1/2 percent for nine years (5 percent in the case of short-term endowment policies). This was still a liberalization over the original bill, which called for renewal commissions of 7 1/2 percent of only four years. Premium collection charges were to be limited to 2 percent after the tenth year. An especially harsh feature of the Armstrong legislation as the provision prohibiting advances or loans to agents upon the security of renewal commissions unless proper collateral was furnished. Bonuses, prizes, rewards, or extra commissions for a large volume of new business was prohibited. All these restrictions did not apply to industrial (i.e., weekly premium) insurance.[xxvii]

In his opening address, McMullen said, "Section 97 is so drastic as to actually menace the future of the business." Reviewing the Association's efforts through the years to discourage rebating and twisting, fostered by high commissions and bonuses, McMullen declared, "Had the voice of the National Association been heeded by those in executive authority, the recent troubles would have been averted. But as a result of the flagrant misdeeds, mismanagement and false ideals of a few, the honorable agents of this country…are today bearing the burden of hasty legislation, which however honestly intended to correct these evils, was largely unnecessary for that good purpose and has had the actual bad result of seriously interfering with the proper conduct and progress of the business…

"We are and have always been opposed to high commissions and in favor of moderate first-year commissions and liberal renewals," he added. "But we must oppose the present extreme reductions in compensation, not merely because they cut it too low for present agents, but because they leave no provision for the cost of developing new agents. Long experience has demonstrated that the general agency system of developing agents, in vogue among nearly all of the companies, is the most effective and economical. The present general agency contracts provide little or no margin, either in first year or renewal commissions, to compensate the general agent for the time and money necessary to develop new agents, and therefore is economically unsound."[xxviii]

During the five-minute talks on "Reflections and Observations on Section 97 of the New York Law," William Scott of Philadelphia summarized the general feeling: "It would have been a happy circumstance if the legislature in deliberating upon the measures proposed by the Armstrong Committee could have freed itself from excitement and political influence and given to the subject calm and judicial consideration."

Aware that the New York insurance laws would have national repercussions, the issue continued to receive the attention of the National Association and its affiliates for the next several years. After the law had been in force for a year, the companies and the associations in New York joined forces to seek further modifications. "At a hearing held on May 15, 1908," Poschansky relates, "representatives of various insurance companies as well as the NALU urged the adoption of a compromise bill on the subject. Governor Charles Evans Hughes vetoed this particular bill but he signed another bill in 1909 which substantially liberalized Section 97."[xxix]

In January 1908, *Life Association News* informed its readers that some serious questions had been raised about the possibility of holding the next convention in Los Angeles. It was the Philadelphia agents who precipitated the crisis, having passed a resolution that, "owing to the time it will consume and the amount of money it will cost, the Philadelphia Association of Life Underwriters finds it impossible to obtain enough pledges from its members to attend." They asked that the Executive Committee obtain "an expression of opinion as to the desirability of a change of location to one more central."

But the agents in Los Angeles proved unwilling to accommodate Philadelphia, or any other Eastern association. In the magazine's February number an open letter from their executive committee, by implication at least, criticized Edwards, Scovel and their colleagues, expressing the opinion "that the various articles published in the insurance journals all over the United States and Canada knocking Los Angeles as a meeting place must, to some extent, emanate from headquarters."

In a letter published in *Life Association News*, Edwards vehemently denied having contemplated a change in plans. By the midyear meeting, held in New York's Manhattan Hotel on March 27, the question had been settled and plans went forward for a national convention in Los Angeles.

The January issue of *Life Association News* also reminds us that Everett H. Plummer was as active as ever in serving the interests of the national body during this period. Throughout 1907 he worked as chairman of the Special Committee to revise the NALU constitution, and in 1908 continued as a member of the Committee.

Plummer also lent his support to the Editorial Committee of *Life Association News*. Headed by Charles Jerome Edwards, the committee included Scovel, Wyman, Clark and NALU Secretary Will A. Waite of Detroit. Since Nathan H. Weed, editor of *Life Insurance Independent*, who had acted as publisher, announced that he had no interest in renewing his contract with the NALU, the committee decided to assume responsibility for publication—at least until the midyear meeting of the Executive Committee. "This means, of course," the editor explained, "that the members of the committee individually will guarantee its appearance and its expenses. In this Mr. Pummer participates equally with the members of the editorial committee." [xxx]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxiv] Ibid., p.9.

[xxv] Proceedings, 1907, p. 14

[xxvi] Op. Cit., p. 195.

[xxvii] Ibid., pp. 188-189

[xxviii] Proceedings, 1907, pp. 42-43

[xxix] Ibid., p. 196.

[xxx] Op. Cit., p. 9.

Voices from the Field

A Period of Growth and Visibility for the NALU Under Strong Leadership

The nineteenth annual convention of the National Association was held in Los Angeles on August 18-20, 1908. The Alexandria served as the principal hotel. Business sessions were conducted at the Berean Hall in the Auditorium building, and the closing banquet was given at the Hotel Virginia at Long Beach. For the first and only time in the history of the NALU the delegates reelected their president, Charles Jerome Edwards, to serve a second term. McMullen replaced Scovel as head of the Executive Committee.

For the easterners attending the convention, the journey itself took on the aspects of a major event. Forming a special train at Chicago, the travelers enjoyed the hospitality of various local associations joining then along the route. The first leg of the journey took them to Kansas City. An article appearing in the September number of *Life Association News*, described the journey:

> All the way along there was conversation and singing and innocuous card playing that took up our time to the exclusion of all reading matter, and that made what would otherwise be a very tiresome trip a series of pleasant and pleasurable hours—days were aggregates not to be considered.
>
> There is, as you know, no underwriters' association at Albuquerque. Such, however, was the warmth of feeling of the individual underwriters at this place that they had amalgamated for the day, and greeted us with souvenirs and a heartiness that left nothing to be desired….
>
> At Williams, Arizona, where we changed for the Grand Canyon, we were met by delegations from Los Angeles, San Francisco and Salt Lake City. It was early in the morning—too early for any reasonable body of sleepers to be awakened for anything else than the reception which the Californians gave us as they rushed through the train shouting their greetings to the delegates from the East, who here, for the first [time] entered what was really Western territory. We were scarcely awake before they showered us with flowers and oranges, filling the cars with the perfume of their reception and making us feel that here was the beginning of the congenial atmosphere which we failed not to experience during the entire trip.[xxxi]

The article also described the two days' excursion to the Grand Canyon including a 6,000 foot descent "by a winding and precipitous trail, muleback, to where the Colorado River, muddy and swift, rushes through, biting off with its avid teeth pieces of the canyon." Instead of going directly to Los Angeles, the delegates stopped for more receptions and sightseeing at Riverside and at Fullerton, California.

Besides spreading the influence of the association movement in the western states, the Los Angeles Convention is significant for adopting a revised constitution, putting *Life Association News* on a sound footing and launching a vigorous attack against "twisting," indiscriminate hiring of part-time agents and other abuses within the industry. In his discussion of the NALU's efforts to reform business practices during this period, Dr. Proschansky notes, "The 1908 convention vigorously denounced twisting and also condemned the practice of certain banks in 'displaying advertisements and acting as agents for disreputable or unsound insurance companies.'"[xxxii]

He also points out that the revised constitution of the national organization reinforced its identification with only full-time career agents. "Aware of the heavy responsibilities facing it," he says, "the NALU realized that its machinery had to be modernized and its structure perfected. In 1908, it adopted a revised constitution which was designed to accomplish this. It also reaffirmed that only field men were eligible for membership, and specifically disallowed membership to any person clearly identified with the home office of companies."[xxxiii]

On the subject of twisting policies, Edwards stated in his opening address to the convention, "It should be the business of this convention to declare …to the world our belief in correct methods for all agents to follow. We must emphasize that the practice is not only unfair, but immoral. We know that a policy, which is twisted or transferred, is not new life insurance, but energy wasted. We know that it entails a positive loss to the policyholder. We know that the twister creates suspicion, destroys confidence generally and, perforce, assails the reputation and honesty of the

agent who originally created the demand for insurance."

When Edwards had finished, William G. Carroll (the only Philadelphian present) offered the resolution of acceptance and thanks."I am glad," he said, "that today we have a president who is not afraid to express his conviction. This is the most manly, the ablest, the most fearless address that I have ever heard a president deliver to this association; and with that kind of official in command we need have no fear of the future and welfare of the great cause we represent."[xxxiv]

Having gained the approval of the associations for a dues increase, the NALU at last had a permanent office—at 56 Pine Street, New York City, which also housed two trade journals, the monthly *Insurance Age* and *The Survey*, a bi-weekly publication. Everett M. Ensign was hired to handle day-to-day operations of the association with the title "Corresponding Secretary." In concluding his report to the twentieth annual convention in Louisville's Seelbach Hotel, Frank McMullen, retiring chairman of the Executive Committee, announced that he and Edwards had also engaged Ensign to manage and publish *Life Association News*.

Some, however, objected to these expenditures—especially the added cost of the Association's magazine. W.G. Harris of the Central Massachusetts Association, for example, complained that the increase in dues "militated against securing new members." Clark, Buffalo's William Justice, William Scott of Philadelphia and a number of others rushed to the magazine's defense. Scott drew a warm response from the members when he said:

> I read it very faithfully, and I think when it was first organized I subscribed personally for the first twenty-five copies for a year, and paid for them. I have never regretted it. I thought then that it was a medium through which we could communicate one with the other. I think so yet. And our Philadelphia association has never yet said aught against it, nor have they said anything when the increase in dues came along….I will fight as hard for a dollar as anybody, if there is any principle involved. But it is simply the outlay of a dollar….The men who have charge of it have devoted not only energy and time and talent, but they have devoted everything; they have given us their innermost thoughts, and I think we should appreciate it to the tune of one dollar a year for twelve copies. I am satisfied to renew my subscription….[xxxv]

The Louisville convention devoted considerable attention to part-time agents who often proved incompetent and unethical. As Proschansky explains, "They did not consider themselves as full-fledged solicitors and were not especially proud of their association with the profession. They were often accused of rebating and twisting….

"In 1908, the campaign to eliminate them began in earnest. For several years thereafter, in many issues of the *Life Association News* and at various conventions, this was a favorite topic. Numerous were the diatribes aimed at the 'one-case' broker, the 'helpers,' and the 'side-liners.' The NALU applauded the action of the New York Life in dismissing 1,000 part-time agents by 1909."[xxxvi]

In his opening address, Edwards forcefully denounced these irresponsible types. "The crusade," he said, "is against the part-time man who is not an agent, who never seeks or creates a prospect, who does not know the premium rate on any policy in the rate book—I mean the clerk, the bookkeeper, or other employee, who plays the part of an eavesdropper; sometimes the lawyer or the physician, whose advice may be sought, and knowing that some hard-working agent has educated a prospect, straight away runs to another agent and tries to use him as a fence, and if he can get the commission he is generally willing to largely rebate."[xxxvii]

The subject received further attention when time came for the five-minute talks. The assigned topic for the first sessions was "Should the Practice of Employing Part-time Agents be Abolished?" As various delegates addressed the issue, it became clear that not all temporary appointments were under attack. William Camp of Buffalo, with incisive perception, pointed out that a lack of any program for agent education lay at the root of the problem in many instances:

> As one who has come up through the ranks of the vast number of part-time men, and who otherwise never with have been, without doubt, in this splendid work for the benefit of mankind, I feel that this question can never be settled by those who advocate the entire elimination of this class from whom a large part of our successful general agents have arisen, but rather by those who take the broader view that they have their right place among us, and yet who see the wrongs and abuses growing out of their use, and see the ways and means of correcting them.
>
> One of the reasons why good agents are so hard to secure is because our business requires training, as in so many other professions, but one of the greatest misfortunes is that we have no method of training men previous to the time that they come to us or that we find them, and I believe that the

> proposition of having the part-time man eliminated can never be successfully solved until our institutions have provided a course in life insurance, and that he can qualify before a state board, the same as a lawyer or a physician or any other of the learned professions, and there get his diploma or right to solicit life insurance.[xxxviii]

William Scott pointed out that part-timers were often the only type feasible in sparsely populated areas. "Our agency has both city and country work," he said. "In our city we will not trust a part-time man." But in outlying communities, he insisted, "a full-time man would soon be a subject for the poorhouse. There would not be prospects enough there for him to live. Consequently we take cashiers of banks, we take school teachers, we will take any reputable man who will devote his time as far as life insurance is concerned exclusively to the company, and we get good results." And he added, "We give him just the same careful training and instructions that we give our full-time men." Concluding on a humorous note, Scott remarked, "I should vote not to abolish them in the country districts, because they help pay part of my expenses to this convention."[xxxix]

The delegates chose John W. Whittington of Los Angeles to succeed Edwards, and Ernest Clark became chairman of the Executive Committee. At the close of the convention Clark held a meeting of the group to plan the work of the year ahead. Complying with the provisions of the revised constitution, they formed an "Executive Council," consisting of the president (Whittington), secretary (William A. Waite), Chairman (Clark) and four members (William G. Carroll, William M. Wood, Charles Jerome Edwards and Frank E. McMullen).

At the midyear meeting of the Executive Committee on April 10, 1910, at New York's Astor Hotel, Vice President E. R. Nachum of St. John, New Brunswick, reported that the Canadian Association had succeeded in getting its model insurance bill through Parliament. He also reported a remarkable growth in the size and number of the life underwriter associations in the Dominion, giving them a total of 900 members in thirty local associations.

The NALU lost another of its pioneer members that year. When the national body convened in September at Detroit's Hotel Pontchartrain, Register (by now, the NALU's senior ex-president), William Scott and Scovel each paid tribute to the late Stephen F. Woodman of Boston. "Hundreds of agents throughout the land stood at attention at thought summoned by the *Angelus*," Register said, "with bowed heads and in silence when the announcement went forth that Stephen F. Woodman had been called hence, after having completed his life's work." Noting that Woodman began his insurance career at about the same time as he did ("just fifty years ago"), Register observed, "The position of an agent in those pioneer days was no sinecure. There was often a struggle against adverse conditions that do not exist today." Reviewing Woodman's years of service to the National Association of Life Underwriters, Scott told the agents that Woodman first came to a national convention in 1894, in Chicago. He said Woodman was a modest man who never sought office, and even though he had served as Chairman of the Executive Committee three times, Woodman would never allow his name to be put foreword for the NALU presidency.

One highlight of the Detroit meeting was the launching of a membership drive, spearheaded by Charles Jerome Edwards, who offered a silver prize for the association showing the largest increase in membership each year. Whittington immediately offered to donate a trophy for second prize, whereupon Colonel Waite, secretary of the NALU, announced that he would provide the prize for the association achieving third place in its annual membership drive.

At the next convention at Chicago, held in October 1911, it became clear that some of the more far-sighted leaders in the NALU felt the time had come to broaden membership. Naturally, the pioneers of the association movement were nearly all general agents and managers—the leaders of the field force. If the NALU was to have a real impact on business practices throughout the country and improve the status of agents generally, it was argued, the mass of life insurance solicitors would have to become involved in association affairs.

Enlightened members of local associations had come to the same conclusion. This became a point of discussion during one of the sessions, as *Life Association News* reported in its October issue:

> Charles Jerome Edwards…first touched on the subject. Mr. Edwards maintained that both general and soliciting agents should belong to the local associations to advance life insurance interests along broad lines, and with full benefit to all those interested. He thought that the field men needed the association even more than the managers, and commended the disposition to throw down the barriers originally built up by the general managers and let all profit by association work…
>
> W.D. Camp of Buffalo suggested that the industrial agents be given opportunity to cooperate with the association members.

> James W. Janney of Chicago urged throwing open the doors to all solicitors, and said that his association had been more successful for having adopted this liberal policy.
>
> The new president, L. Brackett Bishop, went into the discussion heartily, holding that membership in local associations developed men along right lines, and that the associations are the proper place for such development. It tended to the general good and must prevent cutthroat competition.[xl]

Everyone's attention was riveted on news from the North Atlantic on the morning of April 16, 1912, when members of the NALU Executive Committee assembled in New York's Woodward Hotel for their midyear meeting. Details confirming the incredible loss of White Star liner R.M.S. *Titanic* on her maiden voyage dominated the front pages of the city's newspapers. Though the *Carpathia* was steaming toward New York, loaded with the survivors, the names of all who died had not been disclosed. Amid the speculation and alarm, Charles W. Orr, Chariman of the committee, probably had trouble getting the members to focus on the day's agenda.

Members heard gratifying reports on the increasing membership of local associations. The sixty-eight affiliates had a combined membership of 2,695. On a less pleasant note, Mrs. Florence E. Shaal of Boston announced the withdrawal of the New England Women's Association from the national body. A committee was formed to confer with Mrs. Shaal in an effort to persuade the group to reconsider their decision.

Much of the meeting was devoted to planning the October convention to be held in Memphis. As always, there was concern that everyone would find the annual meetings informative and stimulating. Feeling they heightened interest by involving the delegates in the proceedings, Charles Jerome Edwards strongly advocated giving the five-minute topics a prominent place in the program:

> The value of this feature of our national convention, it seems to me, is apparent. During the last few years…the committee developed it to a point where they became not only interesting, but served to establish effort and enthusiasm, and achieved great satisfaction to delegates and visitors….
>
> The result has been to secure a participation in our discussions and the cooperation among our delegates, to the end that the ethics of the field have been more surely developed with greater service to policyholders and the public.
>
> Individualism in life underwriting has given away to inspiration, competition in Life Insurance has given away to cooperation; the experience of one successful agent serves to educated the whole field of agency work.[xli]

Sessions at the Memphis convention took place in the Convention Hall of the Goodwyn Institute; the closing banquet was served in the dining room of the Hotel Gayso. The delegates elected Neil D. Sills of Richmond, Virginia, to serve as president of the national body for the 1912-13 term. A Canadian by birth and irrepressibly cheerful, this chubby, curly-haired general agent of the Sun Life of Canada was a comparatively new figure to life insurance circles. He had been elected secretary of the National Association at the Chicago convention. For years after his presidency, Sills continued to take an active interest in the affairs of the NALU, serving on numerous committees. Since retiring president L. Brackett Bishop was hard of hearing, Sills had to conduct much of the meeting.

The Memphis convention offered many reminders of the NALU's continuing ability to extend its influence throughout the industry, nationally and internationally. "The life underwriters movement is virile and strong," Bishop declared. "We now have a splendid chain of one hundred associations all over the United States and Canada. Visiting so many of the wide awake life underwriters' associations…. was a revelation and opened my eyes to the magnitude of the life insurance business and the importance of the life underwriters' associations as never before."

Echoing these sentiments John A. Tory, president of the Canadian Association, added, "It is with pleasure that we look back to the assistance rendered us by the mother association of the United States. While we are to a certain extent independent associations, yet we prize more than anything else the fraternity that exists between the organizations, and the acknowledgement that was made whereby the president of our association becomes vice president of your association and vice versa, goes to build up a greater feeling and better comradeship between the life underwriters of this continent."[xlii]

Immediately after Tory's remarks, Bishop introduced a surprise guest, Herbert S. Bishop. "We have a gentleman here," he said, "an insurance man, from South Africa, who traveled 6500 miles form Capetown to Southampton, 3000 miles to New York, and some 1500 miles to Memphis, solely to attend this convention." The young man explained that it was through reading *Life Association News*, and the proceedings of the annual conventions, which he had been receiving for two years, that he became interested in the association movement and determined to

come to Memphis. "You can imagine what it means to me, thousands of miles away from you, getting these papers," he told the delegates. "They stir you up and they set you on, and they have been the source of the greatest inspiration to me."

The voyage gave him some anxious moments and he nearly missed the Memphis meeting. Reminding his hearers that the journey from Capetown to Southampton meant seventeen days at sea and the crossing from Liverpool to New York took another eight days, he added, "I only wish that the art of flying would be hustled along so that I might not have such a time getting here." His appearance certainly impressed the Executive committee which voted to send him twenty-five copies of *Life Association News* each month, "In order that he may sow the seed some more in Africa."[xliii]

Among other guests at the Memphis convention were representatives of the two major company organizations. The American Life Convention, composed of eighty-six "younger" companies in the southern, central and western states, was represented by its secretary, Thomas W. Blackburn. Principal speaker on the morning of October 17 was Robert Lynn Cox, general counsel and manager of the Association of Life Insurance Presidents.

As a member of the New York legislature, Cox had served on the Armstrong committee. A brilliant young lawyer, he won the admiration of many in the business when he put aside a promising career in politics to serve the life insurance industry. "You are the point of contact between the companies and the people," he told the agents. "It is from you that the executive officers must get most of their knowledge of what public opinion is demanding. Furthermore, you are not only important in this indirect influence you may have on the management of your company, but you are the medium through which the public is given impressions of the companies you represent."[xliv]

The agents were very conscious of their role in industry public relations and also of the need to educate the public to a full appreciation of life insurance. A lot of attention was given to the subject of institutional advertising at the Memphis convention. In his opening address, Bishop informed the delegates, "In the matter of advertising, which has never been applied to life insurance as it has to many other lines of business, the life insurance companies, themselves, are considering plans for general advertising, which, if carried out, will educate the pubic and make the selling of life insurance policies easier than ever before."

The concept had captured the interest of Association leaders since it was first expounded by the popular author and lecturer Elbert Hubbard at the Detroit convention. Henry J. Powell of Louisville, who was elected president of the NALU at that convention, suggested that local associations advertise in the daily newspapers, "boosting life insurance as an institution, without reference to any particular company." Ad copy, he emphasized , should be "educational and strong in human interest; short, snappy and convincing."[xlv] In April 1912, *Life Association News* had published an article on the need for an organized publicity campaign to stress the value of life insurance as financial protection, extolling the merits of the business as a whole rather than the achievements of a particular company or individual. The delegates approved proposals for launching a campaign that would include educational features, such as lectures, addresses, and courses for younger people. A committee was authorized to conduct this campaign. Headed by Warren M. Horner, general agent for Provident Life and Trust at Minneapolis, this "Committee on Education and Conservation" also included Jules Girardin, Louis L. Hopkins, Hubert H. Ward and Edward A. Woods.

Late in the session, the delegates began selecting a site for the next convention. Philadelphia's W.G. Carroll proposed (on behalf of the New Jersey, New York and Philadelphia associations) that they meet in Atlantic City. But J. Stanley Edwards and his colleagues in Denver were also eager to host the NALU in 1913. When all the votes were counted, 20 associations had voted for Denver and 22 for Atlantic City.

While the NALU and its affiliates labored to improved public appreciation of life insurance through advertising campaigns, they also found it necessary to keep a vigilant eye on activities that marred the public image of the business. During the years following the Armstrong investigation, local associations found legislators inclined to vote for more effective anti-rebate laws and tighter restrictions on unethical replacement activity. In an atmosphere of reform, with more enforceable laws on the books and more alert insurance commissioners, the associated agents became increasingly active in maintaining the integrity of the business. A week after the Memphis convention, the Philadelphia Association attracted considerable attention by apprehending a "twister," J.F. Kight.

Informing its readers about the incident, under the headline J.F. KIGHT MEETS HIS WATERLOO, *Life Association News* announced in bold type, "Professional Twister Falls to 'Twist' in Pennsylvania—The Philadelphia Association Under the Leadership of its President, Frank D. Buser, Responsible for Kight's Arrest." The article explained that "four weeks ago Mr. Kight….appeared in Philadelphia and began sending out letters to prospective dupes. This came to the knowledge of President Buser of the Philadelphia association, and Kight's movements were closely watched. Mr. Buser also got into communication with Insurance Commissioner [Charles] Johnson and preparations

were made to deal with Kight the moment evidence was obtainable that he had overstepped the law."

It was the inclusive wording of the Pennsylvania law that got Kight into trouble. "In other states," the editor explained, "the laws had loopholes as convenient as may be for Mr. Kight's escape after being detected. They provide penalties for twisting by agents, and all Mr. Kight had to do to secure immunity was to prove that he was not an agent." The Pennsylvania law, however, included the phrase "or any other person." This is what landed him in Mayamensing Prison.

The magazine gave the story full coverage, describing not only Kight's methods, but also exactly how he was apprehended:

> After his little bit of twisting in Philadelphia he had gone on to Reading, where there are large iron mills and heavy personal and corporate insurance; and it was there that Detective Wilson arrested him on a warrant sworn out before a Philadelphia magistrate, who committed him to jail on October 29 in default of $500 bail.
>
> A hearing before a magistrate was had on Monday, November 4, at which the Pennsylvania Insurance Department was represented by Deputy Attorney General William A. Trinkle, the charge against Kight having been formally made by the department.
>
> Evidence was given by Frederick H. Garrigues, statistician of the Penn Mutual Life, and President Frank D. Buser of the Philadelphia association to show that Kight had "abstracted" a policy for a resident of Philadelphia, for his customary fee of $250, and had sought to induce a change in the policy by information and figures which were clearly incomplete and misleading.
>
> The testimony also revealed, as the *United States Review* says in its report of the case, "that Kight invariably fails to give complete data on the 're-formed' contract, as he calls it, which is simply a change to the non-participating ordinary life basis. This indicates to the insured the necessity of paying premiums for life, and that the values are at all times smaller on account of the lower reserve basis. He fails to show that the dividends paid by the participating company will on the average catch up with the non-participating rate before the tenth year."[xlvi]

The NALU Executive Committee held its midyear meeting at the Astor in New York on April 1, 1913. Despite the inconvenience of poor trunk line passenger service (owing to heavy flooding in Ohio), attendance was good. As chairman of the General Atlantic City Convention Committee, Buser reported on his committee's progress, giving particular attention to railroad fares. Mentioning plans for a reception and ball, he said the afternoon and evening of September 17 would be held open for company meetings, and the annual banquet would be held in the ballroom of the Hotel Rudolph. The committee agreed to the idea of having "a special Associated Press wire installed at the convention hall."

Florence E. Shaal told the members that the New England Women's Association was again flourishing and expected to be well represented at the convention.

Reporting on the progress of the institutional advertising campaign, committee Chairman Warren Horner said the companies were responding very well in providing the necessary funds. The group had met when the Executive Council held its meeting in November at the Pittsburgh Athletic Club to outline aims and strategies, which won the immediate endorsement of the Council. In their proposals, it is easy to detect the heavy influence of committee member Edward A. Woods, widely known as a strong proponent of insurance education. Advocating "a comprehensive, non-partisan advertising campaign of education and conservation," the committee recommended "that the financial and moral cooperation of the life insurance companies be secured." In addition, Horner said:

> The committee further declares in favor of a concerted movement for establishing educational facilities in Life Insurance in the universities, colleges and public schools and declare in favor of more general publicity and judicious advertising on the part of the insurance fraternity throughout the country.
>
> The committee have made definite plans to promote the campaign of non-partisan advertising and the establishing of Life Insurance educational facilities and for co-operation with similar committees from local associations and other insurance bodies.
>
> The work of the committee will undoubtedly result in the establishment of a permanent publicity, educational and conservation bureau of the National Association of Life Underwriters, which organization has played such a conspicuous part in all forward movements in Life Insurance.[xlvii]

Their statement is significant. The committee's activities were to exercise considerable influence over the next few years, involving the industry as a whole, and the NALU in particular. They became the springboard for NALU projects affecting not only the public's attitudes toward life insurance, but also for enlisting the companies' support and recognition in the academic community of the value of informed marketing practices. Ultimately, they enabled the NALU to produce a series of insurance textbooks and launch a program for agent education.

In addition to the funds elicited from company sources, over forty associations contributed to the Committee's subscription drive. One-fourth of the $22,000 raised went to the national campaign and three-fourths for advertising at home. Pointing to the effects of the NALU's efforts in this area, Donald F. Barnes, in *The National Association of Life Underwriters: Fiftieth Anniversary* history of the Association, observes:

> Two signal results emerged from this campaign. The money, used judiciously for advertising and publicity was preeminently effective in all the cities where it was tried, and did a great deal to instill a life insurance- and association-consciousness among the people. Secondly, and perhaps more important, it spread and reinforced the idea of life insurance institutional advertising. Thus the association, almost 20 years before other life insurance bodies, conceived and actually promoted the idea of institutional advertising and public relations, and laid the foundation of such modern-day instrumentalities as Life Insurance Week, and Annual Message of Life Insurance to the Public and the Institute of Life Insurance.[xlviii]

At Atlantic City that September all sessions were held in the ballroom on the Steel Pier, but the Marlborough-Blenheim Hotel served as a center for most of the social life of the convention. The convention was very well planned. Obviously the New York and Philadelphia associations worked beautifully together. The slate of new officers included names that have become legend in NALU history: Ernest J. Clark of Baltimore, (president); John Newton Russell Jr. of Los Angeles and Edward A. Woods of Pittsburgh (vice presidents). Canada was represented by J.B. Morisette of Quebec, who became third vice president. Buser was elected secretary of the national body.

Clark, Woods and Russell formed the great triumvirate of Association leadership for the decade. Russell and Woods continued to serve as vice presidents through 1915. Woods became president in 1915 and Russell was elected the following year. Convinced that it was the only way to elevate the art of life insurance soliciting to a respected science, they persisted in seeing that the National Association give first place to agent education.

Born at Newtonville, Ohio, and a graduate of Lebanon University, Clark had early won the respect of everyone in the business as the highly successful general agent of John Hancock Mutual for Maryland and the District of Columbia. He represented the best type of the professional agent. Prominent in the Baltimore business community, well-know in political circles and a dedicated Association leader, Clark brought impeccable credentials to the office of NALU president. An engaging and persuasive personality, he was a strikingly handsome man who, at forty-one, presented a youthful, energetic and commanding figure.

The topics dominating much of the proceedings at the Atlantic City convention were institutional advertising, agent education and the impending federal income tax law. A resolution against proposals to tax refunds, or so-called dividends returned to policy holders, was telegraphed to President Wilson. As a result of this and other telegrams, plus personal visits to the President by some of the NALU's officers, the exemption was written into the bill at the last moment in an unprecedented procedure. Reporting on the incident in a 1914 issue, *Life Association News*, commented:

> It was noticeable how in all powerful circles the life insurance agent was recognized as really representing his clients and having a potent influence….What effect Edward A. Woods and Lawrence C. Woods had in the hearing given to them by the President and the brief submitted by them the week the bill passed the House cannot be stated; but the fact remains that three important amendments to the bill—viz: striking out the words "or return of premiums;" exempting surrendered policies and death claims—were made in the bill that very week, notwithstanding that it passed within a few days after that interview. It is claimed on good authority that the only hearing given to life insurance by President Wilson was therefore to these two agents. [xlix]

Ways of restraining the rising tide of taxation in various states were also discussed, and the delegates wholeheartedly endorsed the projects outlined by the Education and Conservation committee. Reflecting on the work of the convention, Clark said, "A new era has been ushered in—one of education and conservation: education involving a higher and more scientific training of agents, and systematic instruction in the fundamental principles and necessities of life insurance for the benefit of the insuring public; conservation in its relationship to the laws of health, the enormous waste from lapsation and surrender of insurance, the unnecessary borrowing on policies, and the reduction of burdensome and unjust taxation by several states and federal government, now costing the

policyholders in this country many millions of dollars *per annum*."[l]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxi] Op. Cit., p. 2.

[xxxii] Op. Cit., . 199.

[xxxiii] Ibid., p. 202.

[xxxiv] Proceedings, 1908, pp. 41-43.

[xxxv] Proceedings, 1909, pp 49-50.

[xxxvi] Op. Cit., p. 201.

[xxxvii] Proceedings, 1909, pp28-29.

[xxxviii] Ibid., p. 88.

[xxxix] Ibid., p. 96.

[xl] Op. Cit., p. 5..

[xli] Proceedings, 1912, p.48.

[xlii] Ibid., 1912, pp18, 34.

[xliii] Ibid., pp. 19-21.

[xliv] Ibid., p. 125.

[xlv] LAN, March 1911, p.7.

[xlvi] Cf. LAN, November 1912, pp. 9-12.

[xlvii] Proceedings, 1913, p. 44.

[xlviii] Op. Cit., pp. 26-27.

[xlix] LAN, January 1954, p. 46.

[l] LAN, September 1913, p.2.

Voices from the Field

The NALU Plays a Leading Role in Insurance Education

Clark and his associates pushed ahead with their education and conservation program. The Executive Council met in Philadelphia on December 17 at Bellevue-Stratford. One reason for meeting there was to consult with DC. Solomon S. Huebner, professor of life insurance of the Wharton School of Finance and Commerce at the University of Pennsylvania, to hear his proposals for a textbook on insurance selling. This project was to be sponsored by the national organization and represents the NALU's first major step in elevating life insurance marketing to professional status.

Huebner was an ideal choice. A pioneer in insurance education, he began developing a core curriculum on the subject at the University of Pennsylvania immediately after taking his degree there in 1904. A dynamic and resourceful teacher, he quickly won the respect of his colleagues and the hearts of his students. It was through his nephew, Paul F. Clark, who was an enthusiastic pupil of Huebner's at the Wharton School that Ernest Clark became acquainted with Huebner. Clark recognized immediately that his innovative professor was exactly the man the NALU's Education and Conservation committee was looking for. Huebner proposed a textbook divided into four parts dealing with the nature and uses of life insurance, the various types of contracts, "the factors and assumptions underlying rate making, mortality tables, ascertainment of the net premium for the most important types of contracts," home office and agency management, as well as life insurance investments, taxation and government regulations. The last section of the book, as Clark reported to the Executive Committee, was to "furnish a classified statement of the essential legal principles governing life insurance in which the policyholders and agents are most interested." He explained:

> Chief emphasis will be placed on the law relating to the beneficiary, assignment of policies and insurable interest. I may add that the purpose of the volume throughout, as determined at a previous conference, shall be to furnish a statement of the essential facts, principles and practices as they exist in connection with the foregoing subjects, and that opinions and argumentative matter shall be excluded.[li]

The NALU Executive Committee voted to underwrite the project at its midyear meeting the following April and the arrangements were subsequently made for D. Appleton and Company of New York to publish the first edition of *Life Insurance: A Textbook*. (Woods became the financial guarantor for the book via his personal check for $10,000 drawn in favor of D. Appleton & Co.) When it came out in 1915, Huebner's book was an immediate success. For years it was the standard textbook in the field, going through many reprintings and several revisions.

For Clark it meant the fulfillment of a dream. Both he and Woods had long seen the need for a comprehensive textbook that would provide a sound theoretical basis for reducing the myriad ideas about the practical scholar. The absence of a corpus of textbook literature had proven a great stumbling block in the academic community. Universities were reluctant to institute courses on a subject that had not as yet merited sufficient attention from scholars. A survey conducted by Robert Lynn Cox of the Life President's Association in 1910 revealed that only thirty-three colleges or universities were teaching one or more special courses in life insurance, and these generally focused on insurance theory, viewed from a legal, historical or actuarial perspective. (There was, of course, a long tradition in a few departments of mathematics for the training of actuaries.) Very little attention was being given to sound marketing practices. Such a book, the Association leaders realized would not only facilitate the proper training of agents, but also help immeasurably in giving life insurance marketing legitimacy as a worthy subject for serious study.

As Stalson points out, "Life insurance had been sold, down to 1926 let us say, mostly on the appeal of burial costs, cut price (rebates), the promise of large dividends—appeals which any clod could make; but after 1910 it was becoming constantly more clear that the task of selling life insurance for business, tax, estate, and income purposes as one which called for sound general, business, and insurance training."[lii]

Traditionally, agent education was conducted on a learn-by-doing basis. Everything depended on the general agent who acted as recruiter and mentor, usually training his agents informally one by one. Anything resembling organized instruction was rare. Large, well-run agencies where recruiting was selective and a regular training program that consistently produced knowledgeable agenda were the exception. According Stalson, the pioneer agency training

program was introduced in 1906 when L.A. Cerf, general agent of the Mutual Benefit in New York City, started his "Cerf School of Salesmanship," making it part of his regular agency activities:

> Cerf believed that selling could and should be taught. He deplored the industry's custom of putting untrained men into the field—to learn through pain and error, and destined also to alienate from life insurance many who suffered annoyance or worse at their hands…So far as I know, the Cerf School was the earliest case of modern class instruction in an *agency*.[liii]

At that time, "salesmanship" was emerging as a popular night-school study in trade schools, as well. Meanwhile, other general agents, such as Woods, were developing formal training programs along the lines of Cerf's school. In 1910 Charles Ives, the composer and a general agent for Mutual Life, along with his partner Julian Myrick, started the Ives & Myrick school for agents in New York City. Ives pioneered the concept of "estate planning," a form of needs selling, which was widely imitated. In 1912 the firm printed Ives' *The Amount to Carry—Measuring the Prospect*, which expounded the estate planing approach. It was widely circulated and reprinted many times.

To many, the life insurance companies appeared frustratingly slow in responding to the need for investing in a well-trained field force. As might be expected, it was the larger companies that made the first attempts to fill the gap. During the summers of 1902 through 1904 the Equitable offered courses in life insurance selling to promising graduates from several colleges. These courses lasted from thirty to sixty days. From 1904-1906 the Travelers gave six-week courses for new recruits in insurance principles and salesmanship, graduating a total of 267 men, three quarters of whom, it was reported, stayed in the business. Stalson notes that the Mutual Life made it a practice about this time to send one of its "educational staff" to lecture on life insurance at various colleges. One staff member was Jacob A. Jackson who lectured in 1905 at Northwestern, Chicago, Drake and Cornell. "The brief outline of his material which I have seen," Stalson comments, "does not indicate that he gave any attention to *selling*."[liv] The educational department began by Phoenix Mutual in 1906, however, was apparently intended primarily for the instruction of agents.

To those who had given the subject serious thought—men such as Clark, Woods, Scovel, Russell and Huebner—promoting life insurance was an activity more like teaching rather than selling a tangible product such as an automobile or house. It demanded a high level of rhetorical skill and extensive persuasive powers. Besides instructing the prospective buyer in the practical value of life insurance, the agent had to awaken feelings of concern for one's dependents and instill ideals of thrift, prudence, and fiscal responsibility. Though not the first to expound the idea and espouse its methods, they based their marketing concepts on needs selling, emphasizing the aggregate economic value of an individual's productive years. Should those years be reduced, through death or disability, a life insurance policy represented the ideal instrument for enabling the breadwinner's family to sustain financial loss.

Stalson mentions that one of the earliest references to the economic value of human life was made by life insurance pioneer Jacob L. Greene. John Marshall Holcombe, in a speech given at the NALU convention of 1900, had been one of the first to recognize the possibilities of this notion as a basis for marketing insurance when he pointed to its earliest expression in the petition submitted by the promoters of the Equitable of London for a royal charter in 1757. Three years later, when he had become president of Phoenix Mutual, Holcombe was invited to participate in Yale University's first course in insurance. He made it the subject of his first lecture there and again in an address before the Economic Club of Providence, Rhode Island, in January 1906.

The application of this concept to an individual's circumstances presents an excellent motive for purchasing a life insurance policy. Moreover, one's earning power provides an indication for the size of the policy. As Stalson observes, "Capitalizing earning power as a device for indicating a life value has become a most useful sales aid in the hands of life marketers; the concept lends itself to an infinite variety of treatments suited to the circumstances of individual insurance prospects."[lv]

One of the earliest practical demonstrations of needs selling to appear in print was Ernest Clark's brief article "How Much Is His Life Worth?" published in the March 1908, issue of *Life Association News*. "One of the strongest and most convincing arguments that can be advanced concerning the necessity of life insurance protection for a prospective applicant is his life value as based on his annual income," Clark asserted. To illustrate the point, he included a chart listing the average incomes of bankers, lawyers, railroad officials and people in other important occupations, taken from the Massachusetts Bureau of Statistics of Labor. "By capitalizing his [a prospect's] life on a 5 percent basis, or even a 4 percent basis, to be conservative," Clark explained, "it becomes an easy matter to demonstrate the irreparable financial loss which his family and the community sustain through his death, unless he makes definite provision against such loss; and this is possible *only* through the medium of life insurance."[lvi]

Edward A. Woods, whom Stalson says "probably originated or stimulated the development of more ideas for selling life insurance and training agents than any other man in the history of the business," repeatedly demonstrated applications of the human life value concept in lectures, speeches at NALU conventions and in articles in *Life*

Association News and other publications. Showing agents the advantages of selling large policies to the rich, he advocated using the idea to sell life insurance for partnerships and other business purposes.

The textbook project brought Huebner, Clark and Woods closer together. During Clark's administration these three men, along with a number of their close associates in the NALU, formed a bond which was to have momentous implications for the future of professional life underwriters. Mildred F. Stone, in her history of the American College of Life Underwriters, proposed that during discussions of the proposed textbook, conversation often led to agent education generally:

> In February 1914, Mr. Clark asked Dr. Huebner to speak to the Baltimore life underwriters on the general subject of life insurance education. There, for the first time publicity, Dr. Huebner referred to the idea of having a life insurance course of study on the college level leading to a professional degree, as did certified public accountants…
>
> The reaction to Dr. Huebner's talk indicated that the strategic time had come to seek a larger audience. Ernest Clark…in the spring of 1914 recruited four key men from the Association to work actively on development of a broad-based professional course of study for life insurance salesmen. These men were Edward A. Woods, John Newton Russell, J. Stanley Edwards, and Franklin W. Ganse….
>
> Through their influence, "Life Insurance Education" became the theme of the 1914 convention of the National Association in Cincinnati. Dr. Huebner was invited to give the keynote address.[lvii]

By the end of summer, all the major European nations were at war. Meeting in Cincinnati on September 15-17 the delegates to the NALU's 25th annual convention elected Hugh M. Willet of Atlanta president of the national organization. Held at the Hotel Gibson, insurance education and conservation of business dominated the sessions, although taxation of companies and lobbying techniques also received considerable attention. Commenting on the "splendid attendance" in its September 1914 number, *Life Association News* reported:

> In his keynote address, Huebner told the agents, "life insurance salesmanship must be given the status of a profession—a high calling—both as regards the methods pursued and the quality of the service rendered." The national organization's magazine reported, "The address was remarkably free from vague or impracticable theories. He held the undivided attention of his audience from beginning to end and was wildly applauded as he resumed his seat."[lviii]

The Calef Loving Cup that year went to John R. McFee, an agent for Massachusetts Mutual in Chicago. Reflecting the associated agents' continuing interest in the consumer's viewpoint, needs selling and conservation of business, the subject selected for the prize essays was "Women's Interest and Influence in Life Insurance." The committee of judges, charied by the prominent author and dramatist Mary Roberts Rinehart, also included Dr. Huebner. In her report to the committee on prize essays, Mrs. Rinehart wrote:

> Personally, I believe in life insurance. The American People have not the quality of thrift. A man thinks he deserves credit if he lives within his income. He saves little, and what he accumulates is prone to be diverted to the Get-Rich-Quick Wallingfords of this day and generation. But he will meet his insurance payments when he will save in no other way. As long as he can pay his premiums, he is a capitalist. In the words of the winning essay, "Capital may produce income; in life insurance income produces capital."[lix]

By the end of 1914 the organization was composed of one hundred nineteen local bodies with 5,355 members located in 42 states, the District of Columbia and the Canadian provinces. The National Association held its 1915 convention in August in San Francisco. For those in the East, a West coast convention provided another excuse to form special trains and make an excursion of it.

Despite the attractions of the Panama-Pacific International Exposition going on at the same time, attendance at the business sessions was "all that could be desired." The NALU used the occasion well, as Barnes explains:

> The Panama-Pacific International Exposition in 1915 afforded the National Association another opportunity to put its educational program into action. A permanent display at the exposition, featuring a striking "tax machine" attracted and impressed many fairgoers. Pamphlets and folders were distributed to all visitors. The exposition officials arranged a long series of conventions, culminating in the World's Insurance Congress, with representation from over a hundred national bodies. The congress organized the National Insurance Council, and the National Association was represented on the central board of both Congress and Counsel.[lx]

As expected, with Edward A. Woods at the helm, conservation and education remained very much in the forefront of NALU activity. Anyone acquainted with life insurance in America during this period knew of his highly successful Pittsburgh agency, with over three hundred full-time agents.

His father, Dr. George Woods, who had been Chancellor of Western University of Pennsylvania (which later became the University of Pittsburgh), took up life insurance in 1880 as a general agent in Pittsburgh for the Equitable. Within ten years his agency had $10 million in force. As an undergraduate, Edward worked as an office boy at his father's office, and in 1883 gave up his studies at Western University to begin work as cashier and later on the sales staff. In 1886, he helped organize the Pittsburgh Life Underwriters Association.

Upon his father's retirement in 1890, Edward took over the business at the age of twenty-five. He brought a younger brother, Lawrence, who had just graduated from Princeton, into the business. A few years later his brother Charles joined the firm. By 1910 the Woods agency could boast of having over $100 million of life insurance in force.

If any NALU president ever occupied a central place in the business it was Edward A. Woods. Stalson comments:

> He assumed the presidency of the National Association in 1915 and the chairmanship of its new committee on scientific salesmanship in the same year. Woods had already progressed far into the ideology of informed selling and sales management; by 1915 he had been educating his colleagues to that ideology by his example and by his talks for at least a dozen years; nothing could have been more logical than he should use his high association offices to promote the advance of this cause to which he was so deeply devoted. As Association president—always a one-year incumbency—he got many things started; but it was his work as head of the committee on scientific salesmanship, a post he held for many years, that proved so valuable to agents….
>
> His business and social contacts put him in touch with the leaders in many fields; his knowledge, imagination, and enthusiasm won him the friendship and support of many influential men.[lxi]

These contacts enabled Woods to involve the Association in projects close to his heart. With him as prime mover the Association helped organize the Bureau of Salesmanship Research at Carnegie Institute of Technology, and began the first explicit campaign against proselyting. Later, Woods led NALU's cooperation with the Association of Life Agency Officers and the Carnegie Bureau to form a joint committee on educational standards to spread the Carnegie course to other colleges and universities.

Woods, of course, knew he had plenty of support among the NALU leadership for his ideas. He had already persuaded a number of companies to join him in founding an institution to study scientific selling when he met with the NALU Executive Committee in Washington, D.C., at the Willard Hotel on February 24, 1916. Russell presided. As they discussed the need for better educated agents, Russell, Clark, Scovel, and J. Stanley Edwards expressed particular interest in introducing more life insurance courses at universities.

In May, Woods' plan for a study center on scientific selling became a reality when an organizational meeting was held in Pittsburgh. Fifteen business firms, four of them life insurance companies, agreed to support the project. As Stalson relates:

> The new bureau of Salesmanship Research was to be affiliated with the Carnegie Institute of Technology, the director of which, Dr. A.A. Hamerschlag, declared the Bureau would "try to get away from the rule of thumb method of employing salesmen and show by carefully gathered data and statistics the proper method of employing and training salesmen and thereby do away with a large percentage of waste of time and money along this line." Dr. Walter Dill Scott, a prominent teacher of advertising and salesmanship at Northwestern University, was made director of the new bureau. Norval A. Hawkins, then well known as sales manager of the Ford Motor Co., took an active part in the organization of the bureau, as did Winslow Russell of the Phoenix Mutual.[lxii] *

By September the support of other companies had been secured. Woods told the delegates at the NALU convention in St. Louis, "Under the auspices of the National Association of Life Underwriters has been organized the Carnegie Bureau of Salesmanship Research, in which thirty of the largest, most aggressive and progressive corporations in the United States, including six life insurance organizations, are united for the purpose of ascertaining through the experience of these cooperating members and every other source possible, what are the characteristics of good salesmen, and later, how shall they be trained? There will also be included a complete study of sales methods not only of Life Insurance but of other professions throughout the country. The work of this great institution and co-operation of these concerns with life insurance men cannot but have a permanent effect on all salesmanship as well

as life insurance."[lxiii]

Underscoring the possibilities for cooperation with other businesses to develop more advanced marketing techniques, Woods and Winslow Russell participated in the World's Salesmanship Congress at Detroit in July. Woods, as head of the life insurance selection, addressed the gathering on "Selling Schools." Advocating efficiency and standardization, Russell told the Congress that the incredibly wasteful methods of hiring and firing agents in life insurance could be tolerated by no other industry. Rigorous standards in selection and careful training by expert teachers was an imperative need, Russell insisted. Russell knew precisely what he was about, as Stalson notes:

> Taking advantage of the fact that a number of home office agency executives were attending the Congress, Russell advanced the idea of organizing them into an association of their own; discussions were informal but the response was favorable, and a date was fixed for actual organization. In agreement with those plans the agency men met in Chicago on October 16, 1916, and founded the Association of Life Agency Officers, electing Russell chairman of the executive committee.[lxiv]

The organization flourished to become a major arm of the industry's marketing efforts. Eventually the Association of Life Agency Officers merged with the Life Insurance Sales Research bureau. In 1946 the combined organization became known as the Life Insurance Agency Management Association (LIAMA). After 1974 the Organization was called the Life Insurance Marketing and Research Association (LIMRA). What has become an international resource for marketing insurance—a respected, indispensable tool for company management—is a monument to the foresight of Edward A. Woods and his colleagues.

Members of the St. Louis Association proved excellent hosts for the twenty-seventh convention. Sessions were held in the convention hall of the Planters Hotel, and some of the evening events took place at the Sunset Hill Country Club. President Woodrow Wilson, who was to have been the principal speaker, found it impossible to attend the meeting because of the death of his sister. Secretary of War Baker spoke in his place.

Interest in agent education dominated the convention. Stalson comments, "The Life Underwriters Association's annual meeting emphasized the need for training, and it was announced that many companies and large agencies which had not previously done so were soon to open course work. Woods drew attention to the value of keeping a record of calls; citing the experience of a group of his own agents who kept a rigid record of work, he asserted that 21 calls per week would yield an average of 14 interviews and produce two applications. William Alexander, secretary of the Equitable of New York and author of several popular books on life insurance selling, was asked (by the NALU) to write a primer or elementary text book on life insurance… All these evidences of interest in the agent and his education got wide publicity in the industry during 1916."[lxv]

The election of Russell, who shared Woods' enthusiasm for agent training, as president, assured the continuation of the NALU's front-burner projects. A former secretary of the Pacific Mutual Life Insurance Company, Russell had long carried the torch in the west where his leadership was invaluable to the Association movement. An impressively tall man, prominent in Los Angeles business and social circles, he was fifty-two at the time. "Mr. Russell was born in Booneville, Missouri, June 5, 1864," *Life Association News* informed its readers, "and is a member of various Masonic bodies, a Knight Templar, a Shriner, and is also a member of the Society of the Sons of the American Revolution." Russell possessed considerable personal magnetism and, what was often helpful in advancing the cause of the Association, he exhibited more warmth than Woods. Holgar Johnson, who became important in Association affairs in the 1930's, saw Russell only once, but he left an indelible impression. "He was a great, tall man," Johnson recalls, "very attractive and good-looking; soft-spoken, very friendly and affable."

By February 22, 1917, when the NALU Executive Committee held its midyear meeting (again at the Willard in Washington) the United States had broken off diplomatic relations with the German government, consequently, the nation was bracing itself for mobilization, which now seemed inevitable. Their first act was to pass a resolution proposed by Woods pledging support to the President of the United States "in maintaining the rights of Americans." Russell reported on loans for the next convention in New Orleans and A.C. Larson, Secretary of the NALU, reported on the flourishing condition of the central office and *Life Association News*, under the direction of Everett M. Ensign. Vice President Lawrence Priddy called attention to the fund underwritten by members of the Executive Committee to defray the expenses of a traveling secretary.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

*****_The participating firms were: Carnegie Steel Co., Ford Motor Co., Equitable Life Assurance Society, Armstrong Cork Co., Metropolitan Life, H.J. Heinz Co., Westinghouse Electric and Manufacturing Co., Phoenix Mutual Life, Chalmers Motor Co., Page-Detroit Co., Prudential Insurance Co., Burroughs Adding Machine Co., Aluminum Co. of America, Pittsburgh Steel Co., Lilly & Co., and the Edward A. Woods Co._

[li] LAN, May 1914, p.11.

[lii] Stalson, Op. Cit., p. 583.

[liii] Ibid., p. 579.

[liv] Ibid., pp. 578-579.

[lv] Op. Cit., p. 582.

[lvi] Op. Cit., p. 5.

[lvii] Mildred F. Stone, CLU, A College and Its Calling, Richard D. Irwin, Inc., Homewood, Illinois, 1963, pp. 28-29.

[lviii] Op. Cit. P. 4.

[vix] Proceedings, 1914, p. 132.

[lx] Op. Cit., p. 28.

[lxi] Op. Cit., pp.583-584.

[lxii] Op. Cit., p. 585.

[lxiii] LAN, September 1916, p. 15.

[lxiv] Op.cit., pp. 585-586.

[lxv] Ibid., p. 586.

Voices from the Field

The NALU During World War I

By late September, when the NALU held its annual convention in New Orleans, the United States was at war. Members were assured, however, that the movement of troops would not hamper rail service to the convention. Even so, attendance was low. The total number of delegates, alternates and guests was 584.

Among the prominent men on the list of speakers for this convention was Franklin K. Lane, Secretary of the Interior. Actually, his remarks had little to do with life insurance. His speech was a patriotic appeal for the life underwriters to assist in the sale of the second issue of Liberty Bonds.

One of the resolutions adopted by the delegates endorsed the Federal War Insurance bill, then before Congress. "We heartily comment the purpose of our government," the resolution read, "to indemnify our soldiers, sailors and nurses against disability or death caused by this war, and especially to provide for their dependents on an adequate and modern basis…." For the first time in history has a government taken up in advance this insurance against future risks by the largest life insurance transaction ever proposed."

Among other matters discussed was a proposal to draw up a statement of the associated agents' ethical principles. Scovel agreed to head the special committee to present "a declaration of the ideals we stand for." The officers chosen to govern the national body for the 1917-18 year were: president, Lawrence Priddy of New York City; vice presidents, M.J. Dillon of St. Paul, Minnesota, Orville Thorp of Dallas, and J.T. Wilson of Halifax, Nova Scotia. George L. Dyer of St. Louis was named secretary, and Jonathan K. Voshell of Baltimore became Chairman of the Executive Committee.

The war naturally imposed some difficulties on general agents and managers who found their agencies reduced by the lack of available young men. Nevertheless, the agency force proved themselves willing contributors to the war effort. "We were very busy at the office at this time," Charles Ives later recalled, "with the extra Red Cross and Liberty Loan drives, and all the problems that the War brought on." Between September 1918 and September 1919, America's life underwriters surpassed all previous records in promoting the sale of bonds. Total sales promoted by local associations during the Fourth Liberty Bond Campaign and the Victory Loan Campaign amounted to $417,207,796.

Primarily through the Bureau of Salesmanship and Research, the NALU became involved in offering servicemen opportunities in life insurance selling when they returned to civilian life. Barnes explains:

> An overseas course in life insurance instruction was established, in effect the first regularly scheduled course ever developed, and was carried out by members of the association. With the cooperation of the Department of Insurance, American Expeditionary Forces, and the Life Agency Officers Association, and using the developments of the Carnegie Bureau as a basis, association members led in bringing life insurance instruction to soldiers. Over 1,200 students in classes and 1,800 others in reading and study clubs were reached, and over 120,000 men heard one or more lectures connected with the plan.[lxvi]

The associated agents of North America gathered at the Hotel Astor in New York City, September, 1918, for their annual meeting. It was a unique gathering, billed as the "first International Convention of Life Underwriters: 12th Annual Convention of the Life Underwriters' Association of Canada; 29th Annual Convention of the National Association of Life Underwriters." It began with the singing of *My Country 'Tis of Thee*, *God Save the King* (same tune, of course), and "the International Hymn *Two Empires by the Sea*." In addition, *Life Association News* reported, "The New York Police Band of fifty-five pieces was stationed in the balcony and from time to time throughout the first day rendered inspiring patriotic selections." At the concluding banquet, "toasts were drunk to President Woodrow Wilson, King George V, and to the soldiers and sailors of the allied countries."[lxvii]

The contributions life insurance could make to the war effort constituted the main theme of the convention. An ethics chart was adopted and a resolution was passed advocating an institutional education campaign. Jonathan K. Voshell of Baltimore was elected president of the national body.

Proclaiming an identity of interests among the insurers, the insured and the public, the Chart of Ethics stated, "Life insurance is a co-operative Social Institution, differing in essence and practice from a commercial business. Its agents do not sell a commodity; they solicit fit applicants, who need its varied, life-long Services, and Advice in applying them." It advocated "ever growing efficiency and usefulness" on the personal level and "truly professional practice at all points" in soliciting. At the agency level, the chart upheld ideals of active, mutual helpfulness and stood for cordial cooperation between agencies. Finally, it stated a respect for all laws designed to secure ethical business practices. Commenting on its significance, Barnes wrote:

> This chart, the first codified expression drawn up by the association and one of the first of its kind in America, was a moderate platform that met with instant approval everywhere. It gave the life underwriter a track upon which to run, and did a great deal to shape the future course of insurance salesmanship in the boom days following the World War. Its influence was widespread and salutary, and proved so significant that other professions used the National Association's Code as a basis for their own business standards. Notable among these was the American Association of Advertising Agencies.[lxviii]

A few weeks after the New York convention, on September 30, Everett H. Plummer died suddenly at his home in Philadelphia at the age of sixty-three. He was the last of the NALU founders to go. (Register had died in 1913.) when the national organization approved the memorial resolution proposed by Charles W. Scovel at the NALU convention the following year, it was noted that Plummer was:

> ….the last survivor of the stalwart chieftains who organized the National Association, and built it up to strength and influence, and stamped upon it the ineffaceable impress of their own high aims and character….He was the one man most active in the Association's formative years, and a tower of strength in its most difficult and fruitful year.[lxix]

Some months later the National Association experienced the loss of another prominent pioneer. Richard Ellis Cochran died on Friday morning, February 21, 1919, at his home in Englewood, New Jersey. He was 70 years old. Scovel wrote in the March issue of *Life Association News*:

> His death—like that of former President Everett H. Plummer, so recently chronicled—brought surprise as well as grief to his wide circle of friends and associates….
>
> Sudden death has thus, since the New York Convention in September, when both were present, removed the two most notable leaders of the Association's first decade….[lxx]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[lxvi] Op., cit., p. 29.

[lxvii] LAN, September 1918, p.17.

[lxviii] Op, cit., p. 32.

[lxix] Proceedings, 1919, pp. 190-191.

[lxx] Op. Cit., March 1919, pp. 36-37.

Voices from the Field

The Post-War Decade

"Education will be our strength, and the sooner the public is better informed and more conscientiously treated, the greater the strides in adequately protecting its life values."

—John William Clegg

WHEN WORLD WAR I ENDED in November 1918, the life insurance industry, along with the rest of the world, found itself facing another crisis: a devastating influenza epidemic that took more America lives than the Great War had exacted. From late 1918 through 1919, extraordinary numbers of death claims paced a severe financial strain on the life insurance companies. The general alarm was reflected in numerous articles appearing in the industry press. "The Great Scourge of 1918," *Life Association News* termed the illness in its November issue. "When it is estimated by competent authorities that death losses as a direct result of the influenza epidemic will in themselves reach the enormous total of $40,000,000 during the current year," the article said, "the seriousness of the matter becomes apparent."

The estimates, *The Insurance Press* explained, were based on the published announcements of the Registrar of Vital Statistics of New York City, and other large municipalities, showing that the mortality for the last week in October was running at the rate of 50.00 per thousand. Contrast that with the mortality ratio of 12.40 for the corresponding week of 1917. "According to accepted figures," the article said, "the total death claims paid in 1917 amounted to $2,264,548,664."

Combining these "super mortality" costs in both classes of the business, the editors reasoned, "it may be adduced that the total claim payments, during the crest of the wave of disease which has swept the nation, amounted to $10,071,412 a week, traceable directly to the deadly germs of influenza and pneumonia."

The *National Underwriter* pointed out that the bulk of the claims were on the lives of "young men stationed in the various cantonments." Noting that when the United States entered the war, many believed that it was unwise to carry military personnel on the books at the same rates as civilians, the editors observed:

> As one company official pointed out, under normal conditions the men in army camps are probably as well off from the standpoint of health, as they would be in civilian life. But this epidemic and the heavy toll of lives it has taken clearly demonstrates that the life companies…are subjected to what the fire insurance companies term a conflagration hazard….
>
> While it is unfair to approach the whole question on the basis of what this epidemic, which is, admittedly an unusual thing, has done, it nevertheless emphasizes the existence of a condition that cannot be ignored. If many of the men who have died had not been in army camps and subjected to the exposure that the army life carries with it they would never have contracted the disease.

The editors hastened to add that these views were not to be taken as a criticism of the army medical corps. "Under ordinary conditions the men at the cantonments undoubtedly get much better medical attention, and their health is more carefully safeguarded than would be the case if they were at home," they concluded.

In December *Life Association News* reported, "INFLUENZA EPIDEMIC STILL CONTINUES: Losses Tremendous and Extra Premiums Suggested—Strong Possibility that Dividends Must Be Cut or Reduced." The Public Health Service at Washington, the article said, estimated that between 300,000 and 350,000 deaths could be attributed to the disease.

The *Insurance Field* raised the estimated losses in claims to $50 million, informing its readers:

> As the influenza and pneumonia claims received by the various companies in the last two months began to roll up it was agreed among company officials that dividends of many of the companies hit hardest probably would be affected. The financial drain in some cases is exceedingly serious as the

> mortality of certain companies has been brought well above 100 per cent, making necessary a call on surplus funds. It also is freely predicted that several of the weaker life insurance institutions whose surplus funds are not adequate to meet the situation will find it difficult to weather the claims and may deem it advisable to negotiate for reinsurance.[i]

Events were to prove the melancholy predictions all too accurate. Throughout 1919 articles describing the detrimental effects of the disease on human life and the resources of the industry appeared with frequent regularity in the industry press. It was a cruel lesson to the American people. Many who buried sons, daughters, wives, husbands and sweethearts that year came to understand the value of adequate life insurance coverage with dramatic conviction.

Similarly, war risk insurance had sent the same sobering message into thousands of homes. As the resolution at the New Orleans convention of 1918 had made plain, the NALU wholeheartedly endorsed the national government's plan to offer life insurance to military personnel for the duration of the war. After the Armistice, with the Soldiers' and Sailors' Insurance bill, the government also offered inducements for those returning to civilian life to keep their insurance in force. For agents, the situation presented an excellent opportunity to encourage veterans to buy more life insurance. Urging those who held policies under the War Risk Insurance Act to continue them in force with the ultimate intention of converting them to a better form became a major theme of NALU president Voshell's administration. Emphasizing this point in a speech before the Philadelphia association on December 5, 1918, Voshell explained:

> Amount other things, the act provides that the soldiers and sailors may… purchase life insurance in the maximum amount of $10,000 to be paid on the death of the insured to a designated beneficiary, a sum equal to a maximum monthly income payment of $50 for 20 years.
>
> The plan of insurance in every case was written on the One Year Renewable Term without medical examination or restriction as to department of the service. The act further provided that the soldier or sailor must, within five years from the date peace is declared, convert the certificate into one of the plans decided upon by the government to replace the term contract if he would have the protection sought, the conversion to be made without medical examination.

Outlining the procedures for conversion of these policies as directed by the Secretary of the Treasury, Voshell expressed the opinion that it was the agents' duty to influence "every soldier and sailor possible to convert his term insurance into some other form for as large an amount as his financial circumstances will permit to the end that the government insurance plan may not fail, but redound to the credit of the nation as one of the most justifiable pieces of legislative machinery imbuing the fighter with the spirit to go in and finish the job with the full realization that if he perishes, his family lives."[ii]

For most Americans, 1919 was a year of readjustment. The nation settled down to face a decade of peace, prosperity, and prohibition. The life insurance business, generally, seemed favorably disposed to the idea of prohibition. The industry press at this time published many articles devoted to the subject, quoting actuaries, medical examiners and company officers who spoke in favor of the new law. Remarking on the uniformly positive response to the Eighteenth Amendment, the editors of *Life Association News* informed the agents in their 1919 issue:

> Practically all comment is to the effect that prohibition will be beneficial in every particular way. It is claimed that the health of the insuring public will be better, and consequently there will be a greater proportion of acceptable risks; that money spent in drink will now be diverted to, or at least a portion diverted to payment of insurance premiums, and in truth no one seems to greatly regret the passing of the day in a country which has been referred to as, "the land of the spree and the home of the rave."

The associated agents faced the post-war decade confident that they were witnessing an era of prosperity and growth. The public had regained its confidence in how companies were managed; it was evident that life insurance was held in better esteem than in 1905. Sales during the intervening years had been impressive. Proschansky comments:

> The amount of insurance in force in American companies in 1919 was $35,880,000,000 as compared with $16,404,000,000 in 1910, an increase of 118 percent during the decade. The number of policies in force was 63,000,000 in 1919 as compared with 30,000,000 policies in 1910, an increase of 110 percent during the ten years….
>
> Partly accounting for this rapid growth was the growing use of insurance to meet specific needs of the insured party. This trend had already been evident in the previous decade, but it received widespread

> attention after 1910. Business insurance, including corporation and partnership insurance, and life insurance for inheritance tax purposes, began to be written in considerable volume during this decade. Equitable first introduced group insurance in 1911 and by the close of 1919 twenty-nine companies had issued group insurance for a total of more than a billion dollars. The growing liberalization of the policy contract also won the approval of the insuring public. The provision for special disability and accident benefits was especially noteworthy; the Mutual Life of New York made a number of significant experiments along these lines during the decade.[iii]

Voshell undoubtedly expressed the views of most people in the business when he discussed the reasons for the favorable conditions at the NALU convention in Pittsburgh that September:

> When the United States permitted its fighting men to insure their lives through government insurance it established life Insurance as an institution, and in a way that we never could have done. Fixing the amount for each soldier, sailor and marine at $10,000 and making the payments in monthly installments instead of lump sum, emphasized the necessity for larger insurance on lives of civilians and aided materially the placing of income policies. The effect of this insurance has been to stimulate the writing of the greatest volume of new business by the private companies in their experience. When we add to this the weight of the epidemic of influenza and inflated commercial affairs, we find agents producing business in amounts impossible to conceive a few years ago, and with a swaggering ease that fails to find any disposition to view the future in other lights.[iv]

Many ex-servicemen returning to civilian life took up life insurance as a career. The influx of new blood is reflected in association membership. By September 1919, membership in local associations came to a total of 10,372. At the annual convention in Pittsburgh, the delegates elected J. Stanley Edwards, general agent for Aetna Life at Denver, to succeed Voshell. Held at the William Penn Hotel, the 1919 meeting represented a departure from former conventions in several respects. As Edward A. Woods pointed out, even though it is the second oldest association, the Pittsburgh ALU had never hosted a national convention before. Also, the format of this convention differed from previous meetings. New emphasis was given to the practical needs of the field force. For smaller groups with special interests there were discussion sessions on such topics as "The Best Methods of Selecting Agents," "Industrial Life Insurance as a Feeder for Writing Ordinary," "Life Insurance for Farmers," and "Systematically Planned Work."

The general tone of the meetings was less formal and more exuberant than the staid proceedings of an earlier day—an indication that association membership had become less exclusive, more democratic and, perhaps, more youthful. Along with the rest of the country, the life insurance industry had emphatically entered he jazz age.

Reporting on NALU's 30th convention in its October number, *Life Association News* observed:

> It was distinctly and conspicuously a convention of the agents, by the agents and for the agents. Even the hidebound conservatives in National Association Circles, who hitherto had demanded that the program-makers walk with grave decorum in the footsteps of their association forebears, were surrounded by an atmosphere which seemed to be the outward and visible sign of inward satisfaction.

Like Russell, J. Stanley Edwards had long been an association booster in the West. An experienced and successful general agent, he had joined his father's Aetna agency while still a student at the University of Denver. He later became a partner and eventually took over his father's agency. One of Denver's leading citizens and an enthusiastic fan of his university's football team, he would be remembered as one of the association's stronger presidents. Years later, the *Eastern Underwriter* named him "one of the group of early life insurance leaders credited with making NALU the strong organization it is today."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[i] LAN, December 1918, p. 205.

[ii] Ibid., pp. 214-215.

[iii] Proschansky, Op. Cit., pp 207-208

[iv] LAN, October 1919, p. 75.

Voices from the Field

The NALU's Extension of Activity

During Edwards' year in office, the NALU was able to renew some of the projects it had been forced to set aside for the duration of the War. Always looking for ways to generate public interest in the value of life insurance, Association leaders found a helpful medium with the Young Men's Christian Association. January 19, 1920, marks the first official observance of "Life Insurance Day" as part of National Thrift Week, a publicity campaign sponsored by the YMCA. The NALU was asked to take full charge of the "Life Insurance Day" part of the program, cooperating with five thousand "Y" agencies to ensure that life insurance receive its full share of the publicity as a device for encouraging thrift. This laid the groundwork for subsequent life insurance Days and Weeks, which were to broaden into a nationwide life insurance celebration.

Early in 1920, the National Association moved its offices to larger quarters. Beginning in March, readers of *Life Association News* were told to direct all future correspondence to the National Association's building at 25 W. 43rd Street in New York City. With the growth of the organization, the duties of Ensign and his staff had expanded enormously over the past fourteen years. From its twelve-page format of 1906, a typical issue of *Life Association News* ran into fifty or sixty pages. No longer limited primarily to Association business the magazine carried articles on selling techniques, reports and speeches from Association and industry meetings, industry and legislative news, inspirational pieces and a large section on the activities of various local associations. The national headquarters had also become a distribution center for a whole library of textbooks on agent education. The publication of Huebner's book was only the first of a number of works on the subject sponsored by the NALU. Especially popular was *What Life Insurance Is and What It Does: A Primer for Laymen and Students*, by William Alexander. Adopted by the U.S. Government as the text for the insurance course for military personnel in Europe and at home, it was also used for a similar program in Canada, called the "Khaki Library." A fundamental school textbook, companies and agencies, too found it a useful tool for training agents. Advertised as "the most convincing pamphlet which can be placed in the hands of a prospect," Charles Scovel's "Stability of Life Insurance: the Record, the Reasons" was also in demand. In addition, the NALU published at this time "The Manning System of Selling Life Insurance," a portfolio of practical sales suggestions by Earl Manning of Boston. Members of local associations could also purchase from the national headquarters large, elegantly printed copies of the Code of Ethics, membership cards, National Association emblem buttons and, of course, copies of the Proceedings of the NALU conventions.

Ensign's title was changed from Corresponding Secretary to Executive Secretary, and he retained the position of editor and manager of *Life Association News*. Charles Jerome Edwards, chairman of the NALU committee on publications, reported that during the administrative year 1920-21 the publications department sold, wrapped and mailed 64,802 books and pamphlets. Receipts that year came to $19,231.12. Advertising income for *Life Association News* was $11,445.40.

While all the material emanating form headquarters provided the agents with useful learning tools information and inspiration, *Life Insurance: A Textbook* remained the jewel in the crown of NALU publications. At $2.50 a copy, it was the standard textbook for life insurance, not only at the University of Pennsylvania where Dr. Huebner taught, but also at Johns Hopkins, Columbia and many other colleges and universities. It was the life insurance student's bible a the new institution, The School of Life insurance Salesmanship at Pittsburgh's Carnegie Institute of Technology. Opened for its first term in October 1919, this was Edward A. Woods' latest educational project. Having gained the sponsorship of the Association of Life Agency Officers, Woods had enlisted the cooperation of over a hundred American and Canadian companies to provide endowments as well as instructors for the new school. Limited to an enrollment of one hundred pre term, tuition, room and board was $250. Agents were given eleven weeks of intensive instruction in the fundamentals of insurance theory and practical salesmanship.

The NALU launched another program of agent education in 1921 when a joint commission of National Association officials and the executives of the Young Men's Christian Association organized the Y.M.C.A. Schools' Standard Course in Life Underwriting. In five years, instruction was given to over 3,500 men in fifty-four cities of the United States and Canada.

The 1920 NALU convention took place at Boston's Copley-Plaza Hotel in late September. In all, 1600 people attended. The principal speaker of the opening session was Governor Calvin Coolidge. Orville Thorp of Dallas was elected president of the national organization. The new vice presidents were: Jesse L. Scott of Detroit; William Goldman of Portland, Oregon; Florence E. Shaal of Boston; and O.B. Shortley of Toronto. Boston's Franklin W.

Ganse Became Chairman of the National Executive committee. The choice of Mrs. Shaal as the NALU's first woman officer was an excellent one. (Her husband had been a life insurance agent.) In 1899 , the Equitable had given her a general agent's contract for Boston. This agency, in which all the subagents were women, had become one of the Equitable's most famous—and profitable. An ardent advocate of informed marketing and high ethical standard, Shaal had a long record as an indefatigable Association worker.

Again, discussion of practical selling techniques dominated much of the program. Typical of the type of discussions which interested the attendees was the one on "underwriting American business," led by Allen D. Wallis of Philadelphia, a general agent for Equitable of Iowa and the father of ten children. Asserting that human life value is of greater consideration than property for the survival of many businesses, in his lengthy presentation Wallis focused on the uses of business insurance and ways of approaching prospective buyers. "If there is a failure in your community due to loss by death," He said, "then the responsibility for that loss rests upon you and the other life insurance men who should have seen it that the risk was covered. The life insurance men alone stand between America's business and such failures, and the responsibility is inescapable."[v]

It was not only at national conventions, however, that the associated agents got together to discuss practical sales ideas and hear inspirational speeches. They were a popular time on the calendars of local association meetings as well. Since about 1916 the NALU had begun sponsoring regional "Sales Congresses." Eventually, these gatherings—along with legislative efforts—led to the formation of state life underwriters associations. Barnes observes that "while many states would not have been able to support conventions of their own at the time, they were enthusiastic in their support of the regional plan, and soon congresses were held in the Northwest, New England, Central States and Southeastern States, with other less comprehensive groups also holding meetings. The movement spread quickly, until the '20's it naturally evolved into the present system of state associations."[vi]

Through a special program committee, the National Association provided detailed agenda for the conduct of these events, including specific topics and discussion outlines. These rallies featured prominent association leaders as well as outstanding sales people. At the beginning of 1921, NALU president Thorp and former president Charles W. Scovel announced an ambitious itinerary: a tour of sales congresses in fifty-two locations, starting at Dallas on January 6, and ending in New York City on March 21.

This year also saw the NALU incorporated, a step that lent the organization more prestige and enabled it to conduct business with greater dispatch. (Incorporation also offered certain legal safeguards and protection for the officers and staff.) Since 1916 Ernest Clark and other Association leaders had been eager to gain a federal charter of incorporation for the NALU by an act of Congress. Because of the excessive war-time legislation and objections from some Congressional members, however, all efforts had been frustrated. Acting on the advice of their Washington attorneys, Clark and the other members of the special Committee of Incorporation decided to seek a more easily obtainable charter under the flexible laws of the District of Columbia. The charter was granted on August 5, 1921. Besides the six Washington residents required by law, the incorporators were Ernest J. Clark, Charles W. Scovel, Edward A. Woods, Jonathan K. Voshell, and Charles Jerome Edwards.

The NALU's 32nd annual convention met at the Hotel Winton in Cleveland, September 5-7, 1921. Though less than the previous meeting, attendance was generally good. This is a little surprising since the convention was planned hastily, amid some confusion and uncertainty. At the Boston meeting the year before, no local association offered to host the next convention. At tone point, West Baden Springs, Indiana, was the site selected, but it became increasingly evident that such an expensive resort would discourage may from attending. Finally, Cleveland agreed to host the annual meeting.

Choosing John L. Shuff of Cincinnati for president, the delegates again asked Shaal to stay on as vice president. John Henry Russell of Los Angeles, (John Newton Russell's son) became secretary. Treasurer Graham C. Wells was reelected, and Frank W. Ganse remained chairman of the National Executive Committee. Further changes in the constitution meant that the panel of officers hitherto known as the Executive Council became the Board of Trustees. It was composed of the current president, the chairman of the Executive Committee, the four most recent former presidents and the treasurer.

Among other decisions made at the 1921 convention was one to raise national membership dues by $1. A drop in local membership and income became a major topic of discussion when the NALU Executive Committee met at the Astor in New York City on March 15, 1922. Chairman Franklin W. Ganse reported tat only $12,667 had been received in annual dues and that membership was continuing to drop. "Our total loss in membership at the time of the Cleveland Convention last year was 3,634 members," he told the group, "the membership having dropped from 17243 to 13609. If the ratio of loss throughout all associations continues consistently, our loss in membership this year will be approximately 3,000 members. If so this will bring our membership down to what it was in 1919."[vii]

In an effort to enlarge local membership, the NALU Board of Trustees instituted a "National Association Day"

designating May 11 as a day for every member of a local association to secure at least one application for membership.

By August, at least for the occasion, the associated agents of North America displayed renewed enthusiasm for associations efforts. For three days the third international Convention of the Canadian and National Associations attracted a larger attendance than previous meetings of either organization. Despite a workers' strike which limited rail service in the United States, nearly 1,700 agents gathered at Toronto's elegant King Edward Hotel.

Pointing to the ethical value of the association movement and the inspirational benefits of the annual conventions, *The Weekly Underwriter* commented:

> The Toronto Convention was a great gathering of life salesmen. It served as a "common council" for advanced insurance thinkers. It provided a "meeting of minds" under the same roof; brought out the finest thought and sales arguments of the master salesmen of all the great companies. The convention demonstrated the unselfishness of the American and Canadian life salesman. It showed the public that a great body of sales men, stout competitors 362 days in the year, can get together the other three days and give each other the benefit of their knowledge and experience with a single thought and purpose: the advancement and betterment of "the greatest thing in the world"—protection against the fickleness of fate by means of life insurance.

The American agents elected Harvard graduated Dr. Adolph O. Eliason of St. Paul, Minnesota, as their new president. One of his first acts was to announce a member ship drive. Convinced that an earlier date would hive greater impetus to the push for more members, he designated January 15, 1923, as "National Association Day." Besides urging everyone to secure an additional member, he asked that loyal associations remit their annual dues by that date.

Over 2,000 attended NALU's annual meeting in Chicago, in September 1923. Most congregated at the Drake Hotel for the social aspects of the convention and some of the group meetings, but business sessions were conducted a the Medinah Temple. Graham C. Wells of New York City was elected president of the national body. Practical sales problems again dominated much of the proceedings. At the morning sessions September 6, for example, when the topic was "Methods of Getting Prospects," to stimulate more audience participation, moderator Harvey Weeks help up a $10 bill which he offered to the one who contributed the best suggestion on how to get prospects. One of the volunteers was C.H. Cotton, of the Aetna Life in Buffalo. "I solicit largely among managers, assistant managers, and salesmen of stock and bond houses in Buffalo, and spend a good deal of time in trying to give them the very best service for their insurance." He said. "There are three things necessary in a prospect: he must have health, not have insurance, and have the money to buy it. Every one has the need, so we do not pay any attention to that, but strictly to people who have the money and the health. Through these stock and bond salesmen, and the services I try to render to them, I get a list of a great many men of considerable means who can be seen in regard to insurance and income for their families." Cotton won the applause of the audience, but we are not told who won the $10 bill.[viii]

Since the annual conventions are the major events sponsored by the NALU each year, they serve as a barometer of the state of the Association. The reactions of visitors and delegates (often reflected in the insurance press coverage of the conventions) tell us much about the degree of importance the field force gave to the Association at any given point. Their opinions also revealed their expectations and interests. Divergent reactions reflected in the industry press inspired the editors of Life Association News to comment, "Convention good, bad or indifferent—take your choice." *The Western Insurance Review*, for instance, rhapsodized ,"So monstrously great in all respects was the 34th annual convention of the National Association of Life underwriters held in Chicago September 5th, 6th and 7th, that never will those who attended it cease in proclaim it the most tremendous triumph ever known in Life Insurance convention history."

The Insurance Press, on the other hand, commented caustically that the Chicago meeting would be remembered "for what it was not—and ought to have been." Criticism ranged from the simplistic nature of the group discussions to poor acoustics in the hall:

> The principal faults were bad acoustics, lack of preparation by the speakers from the floor and the multiplicity of talks about individual "cases." The papers read from the platform and the pep that Chas. Jerome Edwards, Lawrence Priddy, Darby Day and Edward A. woods put in the proceedings were the saving features.

One resolution endorsed by the delegates at this convention aroused considerable interest in industry circles. Inspired by the recently installed licensing boards in Pennsylvania, where Insurance Commissioner Thomas B. Donaldson had organized over twenty local boards of locally prominent agents to examine candidates for licensing, the resolution advocated the establishment of agent "advisory boards" in all states to set uniform standards for

qualifying members of the field force. Oddly enough, it was the president of the Philadelphia Association who voiced opposition. *Life Association News* reported:

> There was but one question arising at Chicago which was at all controversial in character, and that was the discussion which took place at the pre-convention meeting of the Executive committee over the "Advisory Board" system of Pennsylvania. The pros carried the day overwhelmingly, while the cons apparently had but one representative on the floor, namely, Frank G. Woodworth, President of the Philadelphia Association.
>
> Mr. Woodworth was not a member of the Committee, but on a regular motion was given the full privilege of presenting his arguments against the Pennsylvania innovation in licensing agents.
>
> The outcome of the matter was the resolution adopted by the committee and afterward adopted by the Convention, recommending that all local associations, where the laws permit, make arrangements with their respective Insurance Commissioners to adopt the "Advisory Board" plan.[ix]

As the article implied, the proposal occasioned lengthy and heated discussion. Woodworth did not oppose the concept, but he did advise caution. Implying that perhaps the screening process wasn't all that effective, he told the members of the Executive Committee, "We have examined something over four hundred candidates for licenses in the City of Philadelphia, and this board, by its keen action, diligent to its office, has found cause for rejecting *only two applications* for a license. On one particular case the commissioner of the state wrote to the company and asked if, under these conditions, they wished that a license be issued; so what value did the board have in that particular instance?" Pointing out that only about four of the boards in Pennsylvania were controlled by the local life underwriters associations, he suggested waiting to see how the experiment in Pennsylvania worked out.

Edward A. Woods had moved that the board give Woodworth a hearing over the strenuous objections of former NALU president Lawrence Priddy. Woodworth's caveat evoked only sarcasm form Priddy. "I am sorry that our friend took up his time with oratory and not with reason," he said. Lamenting the influence companies had over granting licenses to agents, Priddy candidly stated, "I had to do with the issuance of licenses and of giving the third degree to agents in New York for the past fifteen years, and I tell you, these home offices, all of them are absolutely careless about it…. The time has come when we ought to supervise it, and the superintendent of New York said to me recently he…would like to refer the application for a license to the Life Underwriters Association, and if…the Life Underwriters' board was opposed to it, he would oppose the license."[x]

It was obvious that Woodworth had wasted his time. Even Frank Buser, his colleague form Philadelphia, did not agree with him. Having heard the glowing reports of William Furey about how beautifully the advisory board worked in Pittsburgh, they were sold.

"It is working like a charm," he said. "The best proof of the importance of this wok is the fact that a week before last we had a smaller number than usual appear, I think it was twelve, and out of the twelve we recommended three and held over nine…."

Initially, at least, the resolution met with general approval. Trade journals carried articles favoring the plan. The editor of *The Insurance Press*, for example, noted that the learned professions—law, medicine and theology—had similar mechanisms for qualifying candidates. The concept, he said, "had sound precedent in other vocations where knowledge, character and conduct of an individual reflect favorably of unfavorably upon a collective profession."

Graham C. Wells of New York City was elected president of the national body forth 1923-1924 association year. He devoted a good deal of his year in office to putting the national organization on a sound financial footing. Summarizing his administration, at the 35th annual convention in Los Angeles, he expressed gratitude to the general agents and managers who raised money for a special fund to help the national organization out of its financial troubles. Particularly generous had been the general agents and managers of New York City who had contributed $1,400, and those at Philadelphia, who had given $1,330.[*]

By the decade of the twenties, it was becoming increasingly obvious that serving as NALU president was a very demanding job. Often it involved considerable financial sacrifice. This was especially true in cases such as that of fifty-one-year-old John William Clegg of Philadelphia who was elected president for 1924-25 at Los Angeles. Called a "one-company man," he had spent all his business life with the Penn Mutual where his term of service began in 1891. One of the largest personal producers in the country, Clegg had been very active in the Philadelphia Association of Life Underwriters, as well as civic and church affairs. A member of the Union League, the Philadelphia Country Club and the Chamber of commerce, he was manager of the American Baptist Publication Society, and also belonged to the American Academy of Political and Social Science and the English Speaking Union. "I expected to

come here to have a quiet, inspirational, instructive séance," Clegg told the members a the closing banquet, "but it has been interrupted. I don't know why…they picked on men. I spent a very restless night after being informed that they wanted me to serve this coming year as your president. I believe that we all should be willing to lay aside our own convenience if the call comes to render service."

Asking for the members' full cooperation during the coming year, Clegg said, "We are only your servants, and in the contemplation of this call I realize the price that I must pay. I hope for, and I am sure that you men and women will lend us, your best thought; will lend us your cooperation, will lend us your sympathies; and in that you will be helping us to render a greater service to you an through you to our whole nation."[xi]

Charles Dobbs, managing editor of *Insurance Field*, complimented the NALU on its choice of new officers, as well as its management of the convention. Praising Clegg for his commitment, he wrote:

> Heretofore, in the history of the National Association, only once has a man not a general agent been elevated to the post of president. This was Lawrence Priddy of New York, one of the great personal writers of the country. His term of office cost him a pretty penny, and the same thing will be true of Mr. Clegg, who is also not a general agent.
>
> For several years Mr. Clegg has been a consistent producer of more than a million dollars a year, has paid production last year having amounted to $1,200,000. He operates under a direct contract with the home office of the Penn Mutual Life and it is plain that if he devotes to the National Association the time and thought which he has promised it will mean in all probability a serious diminution in the amount of his personal business and a consequent loss in income. However, Mr. Clegg has already during 1924 produced over $800,000, which, everyone will agree, is a pretty comfortable volume of business for a year.

Dobbs attributed the success of the convention to two features in particular: Dr. Solomon Huebner's keynote address and the "perfect flood of contributions of authentic cases to illustrate the value of Life Insurance in the creation and preservation of estates." Huebner, with characteristic evangelical fervor, had expounded the thesis of needs selling based on human life value. Offering a number of practical applications of the concept, Huebner impressed the agents again as someone who—far from being a vague visionary or dispassionate pedant—fervently believed in the nobility of their calling and understood the techniques of effective salesmanship. Asserting that Huebner had presented "the most comprehensive and closely reasoned picture of the probable future course of Life Insurance that anyone has yet formulated," Dobbs commented:

> When he presented his analysis showing the utter inadequacy of the efforts of economists and text writers to measure the insurable value of human life he challenged the attention of every thoughtful man in the business.
>
> In substance, Dr. Huebner put in the immediate future the beginning of a realization of the insurable value of human life, which will certainly result eventually in making the volume of Life Insurance vastly in excess of all the combined forms of property insurance. When one contemplates the enormous opportunities for development, as suggested by Dr. Huebner, the talk of a "saturation point" In Life Insurance becomes childish.[xii]

The practical sales seminars at this convention focused on sharing success stories and demonstrating various methods. Applauding the use of authentic cases to demonstrate selling strategies, Dobbs concluded his review of the convention with an endorsement of the Association's new leaders. They were notable, he pointed out, not only because the president was a "rate book man," but also because the three vice presidents were all young men of remarkable promise. Those elected were: George E. Lackey, Oklahoma general agent for the Massachusetts Mutual Life; John Henry Russell, associate manager of the home office agency of the Pacific Mutual Life; and Paul F. Clark, home office general agent at Boston of the John Hancock Mutual Life.

Raising professional standards and legislative vigilance provided the focus for much of Clegg's activities that year. On October, 24 he was the principal speaker at an association meeting of the agents in Atlanta. "The future strength of the National Association," he told the group, "lies in its educational program." He stressed the importance of agency qualifications laws, explaining the operation of the law in Pennsylvania, where it was backed up by advisory boards. About the Maryland law, recently passed through the instrumentality of the Baltimore Association, he said it was 'one of the finest in the country." He predicted that eventually agents would not only need a through knowledge of insurance, but also "a collegiate course would be necessary before a man or woman could enter the profession because knowledge of psychology, finance and business practice is essential to successful life underwriting." Clegg also mentioned the political influence of organized life underwriters. "Nobody of men in the United states could be called together for service so quickly as the life insurance agents," he declared, "particularly the industrial agents,

who were the men best qualified to sell the Government's bonds and stamps during the war and to carry their country's message into the homes of the American people."[xiii]

At the beginning of the new year Clegg announced the appointment of William A. Searle as "Traveling Assistant to the National President." Searle, who would serve as liaison between headquarters and the local associations, had considerable background in organizational work, primarily with the Chamber of Commerce. "The close supervision which must be given to the vast amount of work that is constantly going through the National Association headquarters in New York City," it was explained, "makes it impossible for the Executive Secretary, Everett M. Ensign, to devote much time traveling, and still it was felt that his work as a secretary would be greatly helped by someone who could make personal contacts, representing the National and, as the same time, help the locals with any problems they had."

The national organization's magazine pointed out that previous NALU presidents had often expressed a need for such a person and when Clegg met with his new trustees after the Los Angeles convention it was practically decided "the man must and could be found." For the time being, Searle was to be based at Philadelphia with Clegg at the Penn Mutual Building.

The life underwriter fraternity mourned the sudden death of one of its pioneers, Charles Jerome Edwards, the only NALU president to serve two terms, who died unexpectedly on January 24, 1925. Noting that Edwards had "fought vigorously" to establish *Life Association News* and contributed heavily to help finance the project, the editors of the magazine suggested, "perhaps his most notable and brilliant efforts in behalf of the cause of life insurance were during the Armstrong investigation. Through the work of Mr. Edwards and a few others a scale of commissions was eventually adopted which made it possible for a life underwriter to consider his profession as a fairly profitable occupation."[xiv]

Early in 1925 Clegg sparked a minor controversy in industry circles when he proposed that no new form of policy be issued by any company until it had been agreed upon as desirable for the better service of the public. Then all the companies, he said, ought to adopt and issue it simultaneously. According to Life Association News, some considered this "a backward step":

> A short time ago, National President John William Clegg, at a meeting of the New York Association of Life Underwriters, as well as at the annual meeting of the Association of Life Insurance Presidents, suggested the idea of a joint committee of company officials and Life Underwriters to consider the mertis of new forms of policies before placing them upon the market. This idea met with some favor and some criticism as well. The Insurance Field is one of the insurance journals to take issue with Mr. Clegg, basing its arguments on the necessity of healthy competition and the encouragement of legitimate initiative.
>
> While the *Field* admits that some forms of competition are harmful, it believes that if Mr. Clegg's proposal were carried to its ultimate conclusion it would lead to a "monotonous, deadly uniformity."[xv]

As Clegg's administration drew to a close, there were 160 local associations in the NALU—a gain of six over 1924. Seventy-seven associations during the year reported gains in membership; 84 exhibited losses, including the seven that had disbanded. The largest numerical gain was made by the Seattle Association with an increase of 250 members. Kansas City followed with a gain of 210. New York City remained the largest with 1,423 members. Membership of all associations combined came to 13,490.

In his report at the national convention that fall in Kansas City, Clegg told the delegates that his term of office constituted fourteen months of the most pleasant work he had ever assumed. He appealed for a higher mental development in the individual and "for the strengthening of the bond which binds us together" so that legal reserve life insurance might reach the highest standard of human development. Most of the work accomplished by the national organization, he said, "has been done quietly but effectively by those to whom it was entrusted." *The United States Review* summarized Clegg's administration with a glowing encomium:

> Probably his administration will be chiefly remembered for his consistent advocacy of fewer and better life insurance agents, with the better education of the public as its logical corollary. In his annual address he again emphasized this subject, stating: "Fewer forms of insurance but better ones, fewer underwriters but more of character and ability, will mean greater efficiency in placing insurance properly and greater conservation by prolonging the life of insurance in force.
>
> "Education will be our strength, and the sooner the public is better informed and more conscientiously treated, the greater the strides in adequately protecting its life values."

Kansas City's Muehlebach Hotelk served as headquarters for the NALU's 36th annual convention. Sessions were held next door in the Orpheum Theatre, described as "a play house comfortably seating some 2300 people and well-adapted to the occasion." Among the resolutions passed at this convention was one calling for an institutional exhibit of legal reserve life insurance to be installed a the Sesquicentennial Exposition in Philadelphia. A joint committee composed of representatives form the Association of Life insurance Presidents, the American life Convention and the NALU would oversee the project. It was a chance to visit the Exposition that probably swayed some of the delegates to choose nearby Atlantic City as the site of the next NALU convention. Plans also called for making this another "International convention," held jointly with the Canadian Association of Life Underwriters.

The closing banquet took place in the Pompeian room of the Biltmore Hotel. The principal speaker of the evening was Henry J. Allen, a former governor of Kansas who had been prominent in the public eye because of his fight for the establishment of an industrial Court and his vigorous opposition to the Ku Klux Klan. His topic was "Life Insurance and the Average Man." Declaring that life insurance had done more than any other influence to bring into the American consciousness a sense of responsibility for the future, he told the audience "the development of the income insurance idea" was making the United States more stable than it was thought it ever could be.

"Governor Allen stopped speaking at 11:30," the report concluded. "Then the floor was cleared and the reminder of the evening was given up to dancing."

Reviewing the convention on the October 9 issue, Clarence Axman, editor of *The Eastern Underwriter*, commented on the choice of officers:

> The election of the scholarly Frank L. Jones of Indianapolis as president of the National Association turned out to be a popular one and was surprise. All slates went by the board in Kansas City and at the present time the National Association of Life Underwriters is one of the most democratic organizations in the country…
>
> There was considerable disappointed that John Henry Russell, son of John Newton Russell, should not have been continued as vice-president, not only because of the long service that his father has given to the National Association, but because of the young man's unusually attractive personality. He was beaten for vice-president by a man from Texas representing a small insurance company which may be another evidence of the democracy of the Association , as the smaller companies should certainly have their representation in the vice presidency offices and in every other way. Unfortunately, however, this particular election was a political manifestation and one argument used for the election of Don Sterling of Texas was that Texas was entitled to this representation. Texas, however, has not been slighted by the Association, as only a few years ago Orville thorp of Dallas was elected president. The defeat of Mr. Russell was a shock to some of the older members of the Association, especially to the men who had been the leaders, as they had offered the nomination for president to Mr. Russell and he had declined their overtures. He showed that he was made of the right stuff, however, by appearing at all the later sessions without a grouch of any kind; he made many new friends.[xvi]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

** This points up the fact that by the early 1920s, special units of general agents and managers had formed within the structure of the larger life underwriters associations.*

[v] Proceedings, 1920, pp. 35-42

[vi] Op. Cit., pp. 25-26

[vii] LAN, April 1922, p. 510

[viii] Proceedings, 1923, ppp 165 ff

[ix] LAN, October 1923, p. 178

[x] Proceedings, 1923, pp. 409-410

[xi] LAN, August 1924, pp. 933-935

[xii] LAN, September 1924, pp. 22-23

[xiii] LAN, December 1924, p. 264

[xiv] LAN, February 1925, pp. 390-391

[xv] Ibid., p. 404

[xvi] LAN, November 1925, p. 270

Voices from the Field

The Agents Move for Recognition

The NALU officers held their midyear Meeting in Chicago that year, rather than in New York, meeting at the Drake Hotel on February 5. Considerable attention was given to the Association's progress in bringing educational plans to fruition and efforts to make the national organization "as serviceable as possible to the local associations." Jones explained that the NALU's educational program was proceeding along four major lines:

1. The formation of machinery for maintaining proper standards of education;
2. The encouragement of life insurance as a social study in colleges;
3. The awarding of scholarships by the National Association;
4. The proposed certification of approved underwriters as professional men on the basis of rules being formulated by the Committee on Educational Standards.

Edward A. Woods, reporting on the work of the Committee on Educational Standards, said he deplored the tendency to shorten the salesmanship courses which had been given throughout the country beyond the jurisdiction of universities. He also told them of a conference recently held in New York with the deans of several universities "for the purpose of establishing minimum standards for two kinds of courses, one to be a standard whole time course under the supervision of a teaching staff of a university, and the other course to cover courses similar to that given by the YMCA." Woods felt there was a necessity of having the first course in the hands of college authorities and under the supervision of the university teaching staff, *Life Association News* reported. "He further stated that the committee was looking forward to establishing a two-year course and a four-year course which would include all allied subjects necessary for an adequate background such as various branches of economics, sociology, banking, etc."

Henry McNamer of Chicago emphasized the necessity of well-informed instructors, the reporter noted, "and lent point to his remarks by reciting several pertinent instances where dangerous misinformation had been given by certain instructors."

Guy MacLaughlin of Houston, chairman of the Subcommittee on Underwriters' Status or the Awarding of Certificates, also contributed to the discussion:

> The speaker referred to the fact that the idea had its incipiency at the 1923 Convention in Chicago, and that the matter of conferring a distinctive designation on underwriters who particularly deserved it had been growing in the meantime to such an extent that he believed it would now be possible to designate one hundred men as Counselors of Life Insurance. This class he thought would constitute a nucleus susceptible to further discreet enlargement.
>
> He further suggested that a class of underwriters be established, the members of which should be known as Accredited Underwriters, and from the ranks of this group it would be possible to add to the Counsellorships. Mr. MacLauglin moved that proper action should be taken along these lines. The motion was seconded, but was amended to the following effect: that Mr. MacLaughlin's Committee work out a plan and present it to the Board of Trustees.[xvii]

These discussions (thought by no means the first such utterances on the subject) demonstrate how rapidly the leaders of the NALU—along with others, such as Huebner, who were interested in seeing life insurance marketing a recognized profession—were progressing in formulating the concept of a college for life underwriters. In effect, Woods and MacLaughlin were proposing the Chartered Life Underwriter program. Ultimately, the "nucleus" concept was not adopted in quite the way that MacLaughlin proposed, owing primarily to Huebner's strenuous opposition to anything other than strict examination of candidates and regular academic protocol. Apparently, at this stage the NALU's leaders were influenced by the Chartered Life Underwriter program already established in Canada, where it had been initiated with a nucleus of agents of unquestioned credentials, along with a minimal qualifications test.[*]

The committee also heard a report of Third Vice President J.J. McSweeney who pledged the cooperation of the Canadian agents in assuring the success of the upcoming convention. Other items dealt with included the admission of nine new associations and plans to award fifteen scholarships at the Atlantic City convention.

By September, everything was in readiness for the NALU's 37th annual convention. According to the official count, the total number of delegates and guests from all associations came to 1922. They elected George D. Alder of Salt Lake City as president of the national body. Chiefly due to the charms and persuasive powers of Mrs. E.J. McCoramck, wife of the president of the Memphis Association, Memphis, Tennessee, was selected as the site of the next convention. Although the Philadelphia Association planed and hosted the convention, NALU president Jones also presented to the convention Sarah L. Miller, president of the newly-formed Atlantic City Association, saying:

> The number of local associations of Life Underwriters in the United States was increased the past administration year from 160 to 191. One of this number that we count in the increase is a new association at Atlantic City. They did a very wise thing here. They elected a woman as the first president and I think I might advise them to continue to elect women because they have come into underwriting as a very distinct phase of our work and very much to its benefit.

"This is an international convention," Jones reminded the delegates. "Periodically we meet with Canada, and so far that is the extent of our life Insurance internationalism. In the Executive committee meeting yesterday, we considered the advisability of extending our association work to the Provinces of Great Britain over the other side of the Atlantic and even into South Africa. We have no doubt that in due course this association movement will reach Life Underwriters in al countries, particularly where life underwriting is being considered as we are considering it—a great profession of the future." [xviii]

Despite all the work and careful planning of the Philadelphia agents, the convention was somewhat of a disappointment to many. *The National Underwriter's* review of the convention consisted of a catalogue of negative comment:

> There must be a very decided lack of interest in the annual convention of the National Association when Atlantic city as the Convention headquarters and a program that seemed, on paper at least, to be unusually practical and engaging, fail to draw a crowd equaling only that secured by, say the Buffalo Sales Congress; for if 1,500 were registered at Atlantic city, and probably there were not, at least 200 must be lopped off as wives of delegates and guests….
>
> One of the things that operated to reduce the attendance at all sessions, was the establishing of hotel headquarters at the Traymore Hotel. The Traymore is more than a mile up the boardwalk from the Steel Pier, where nearly all of the sessions were held….
>
> An annual convention of the National Association of Life Underwriters should be held primarily for the purpose of demonstrating to those present how and where to sell more Life Insurance. Anything else should be a side issue. Leading luminaries of the business should not be put on the program merely because they have established reputations. No time should be taken up in discussing how to organize local associations or how to conduct local association meetings. That is routine and can be handled by National and local association officers during the year….
>
> The National Association meetings have become somewhat like three-ring circuses. There are, on some days, sessions in the morning, afternoon and evening. This is too much. No one can attend all three sessions and absorb and retain everything of benefit heard. In fact, the real criticism, the one that touches the root of the whole matter is that for several years too much has been put on these National Association programs. For two years the meeting was extended over four days. This year it was cut down to three, but there were night sessions. The annual banquet should be eliminated. It is productive of no good, lasts four hours, and wears out the patience of those who are in attendance.[xix]

Though not as harsh in tone, the editor of *The Eastern Underwriter* seemed to share these sentiments. "The Atlantic City Convention of the National Association of Life Underwriters was purely academic," He commented. "It was a convention of some great personalities on the platform, but not on the floor. The same old figures who have been active in other conventions were present, but they might as well have been a thousand miles away. They did not let out a peep in the way of impromptu comment from the floor in the two and a half days of the convention…. It was a convention which was a distinct disappointment in attendance, which was light the first day, padded the second day, and which melted away to a few hundred the third day."[xx]

It should be remembered that anyone attending these meetings was expected to pay the entire expense for the trip. It is highly unlikely that any funds were forthcoming from the treasuries of local associations to send delegates to the NALU conventions, as is common practice today. Probably the real problem stemmed from the recent innovation: the growth of regional sales congresses which provided a convenient "substitute" for the national Meetings. This was

the opinion of Willis Hatfield Hazard, editor of *The New England Pilot*:

> In the first place, the small attendance, probably not over 1500, raises the question of the present value of these National gatherings. The aggregate expense of all those in attendance, plus the inescapable cost of the convention itself, must have been enormous.
>
> It is undoubtedly true that the great success of the local one-day sales congresses has eaten into the popularity of the national gathering. Why shouldn't they supplant it to a very real extent? Isn't it easier to bring Mahomet to the mountain, than take the mountain to Mahomet—especially when he himself usually does not live in the convention city any more than he does in the congress city? Life insurance men are by no means "fed up" on such gatherings. Thy hunger for the food given by such speakers as made the Atlantic City sessions interesting.
>
> On the other hand, the National Body must meet, and it must therefore select a place in which to meet. The insurance men of the city chosen receive a very real benefit form the immense amount of free advertising that their business receives locally, while the city is benefited in numerous ways from serving at the theatre of such a gathering. The stimulus to both is positive, and the profits to both are considerable.[xxi]

During the final moments of the convention, the delegates passed an anti-brokerage resolution proposed by C. Burgess Taylor, a general agent of the Northwestern Mutual Life in Philadelphia. Again and again, agents who effected a sale found all their efforts undermined when the client, once convinced of his need, turned to a broker and gave him the contract, the credit and the commission. It was simply a case of letting someone profit form another's work. The practice was common, as Taylor's impassioned speech on the subject amply illustrated. The resolution stated:

> WHEREAS, Life Insurance salesmanship has been lifted from the field of a casual occupation to the dignity of a profession, and
>
> WHEREAS, the requirements of professional service necessitate the expenditure of effort, time and money to equip an agent to give service which the insuring public is being educated to expect, and
>
> WHEREAS, the practice of accepting insurance from brokers contributes to the volume of business written by the company, but robs the professional Life Insurance man of the fruits of his labor in a harsh and unjustifiable manner;
>
> THEREFORE, BE IT RESOLVED, that it is the sense of the members of the National Underwriters Association in convention at its Philadelphia-Atlantic city Meeting, 1926, that the companies indulging in such practices should discontinue same at once and accept business only form its own agents, except in cases of legitimate surplus business.[xxii]

The new year marked the end of another noble experiment in setting standards for qualifying agents—for the moment, at least, in Pennsylvania, Early in 1927, Einar Barford, retiring insurance commissioner of Pennsylvania, abolished the Advisory Board system for licensing agents. This was the model licensing system endorsed and recommended for other states by the NALU Executive Committee at the Chicago convention in 1923. (It will be recalled however, that Woodworth, president of the Philadelphia Association that year, had opposed the idea on the grounds that the licensing advisory boards were not sufficiently dominated by agents committed to the Association movement.)

In defending this decision, Barford stated:

> The worst feature of the Advisory Board system was that in several counties the boards represented the Insurance Department and exercised all its license authority, and were composed of agents for notoriously unsound and undesirable insurance organizations, companies and associations against which the present insurance administration has brought ouster and liquidations proceedings. It matters not that some of the boards in the larger counties were composed of high minded, public spirited citizens. They were laboring under a delusion in believing that their efforts were effective. They could not be effective as long as they were impotent to guarantee the integrity of all the boards in this state. An agent refused a license for good cause y an honest board could, and frequently did, go to an adjoining county and secure a license, which was good in any county in the state.[xxiii]

The Midyear meeting of the NALU Executive Committee, held at Chicago's Palmer House on Friday and Saturday,

March 25 and 26, 1927, was an historic event in the annals of life insurance marketing. "The great thrill of the meeting," *Life Association News* reported, "being the announcement of the incorporation of The American College of Life Underwriters."

There were some regrettable absences. Since A.L, Petty didn't attend, Canada had no representative at this meeting. Edward A. Woods was not there, either. Consequently, the report on the American Committee of the International Council, which Woods chaired, was delivered by former NALU president Voshell, also a member of the council.

Concerning efforts to organize life underwriters associations overseas, Voshell said, "We believe that the effect upon American life insurance in agitating American methods in the British Dominions (and by 'American,' we mean anything pertaining to Canada as well as the United States) would be helpful in all English-speaking countries." He then listed those features of the America system that had contributed so much to its success:

- payment of commissions and renewals;
- discarding the older methods of selling life insurance over the counter;
- enforcement of anti-rebate laws;
- the practice of selling life insurance exclusively instead of multiple lines, such as fire, marine and casualty, in addition to life, as did the English companies.

The remainder of the morning was taken up with financial matters and Ernest Clark's report form the Publications Committee. It was early in the afternoon session when the important milestone in agent education came up before the group:

> At this point, Mr. Jones introduced the dramatic feature of the meeting by announcing the incorporation of The America College of Life Underwriters. The speaker traced the development of the movement, telling how the idea was first suggested by Guy MacLaughlin at the Chicago Convention and referred to the many disappointments which Mr. MacLaughlin had experienced. In the course of the presentation of the subject, Franklin W. Ganse, Chairman of the Special Committee, paid a warm tribute to Ernest J. Clark for his activities in assisting in the technicalities of incorporation.
>
> During the previous year, Mr. MacLaughlin had as an associate Gorge W. Alder, now President of the National Association. At the Atlantic City Convention this matter was referred by the Executive Committee to the Board of trustees with power to act. A Special Committee was appointed by the Board with Mr. Ganse as Chairman and the development of the idea had moved with such satisfactory rapidity that the incorporators were to meet immediately following the adjournment of the session to sign the articles of incorporation.
>
> Ernest J. Clark contributed to the symposium on the subject by announcing that the College would not only confer the degree of "Chartered Life Underwriter," but had as its ultimate objective the establishment of a real College of Life Underwriting. He said that it had received much aid from Dr. S. S. Huebner of the University of Pennsylvania and that the College was in no sense to be regarded as a "diploma mill"; that the degree would not be simply an honorary title but would be fully and definitely earned, the eligibility of an applicant being determined very largely by an exhaustive questionnaire…
>
> Franklin W. Ganse then took up the matter of the Qualifications Blank, which had been rewritten several times. He said it was not for the purpose of inquiring too closely into the affairs of those applying for the degree, but was devised in order to get a fairly complete picture of all candidates from various angles.
>
> The by-laws of the College provide that no applicant shall receive the degree unless he has been a member of a local Life Underwriters Association three years in all, two years of which membership at leas has been continuous up to the time of his receiving the degree.
>
> Later on it became apparent that it is the hope of the sponsors of the College to have an Examining Board in each city, before whom candidates will be requested to appear for a personal conference and examination… There was a discussion of what figure to set the matriculation fee. Various ideas were suggested, ranging from a fee of $25 to $100, and the consensus of opinion was to the effect that the fee should be set at $100.

Obviously, Clark's Washington contacts and his experiences six years before in gaining the NALU's charter of incorporation determined that the College's charter would be granted by the District of Columbia. No doubt, it was Clark who also did the legal legwork. Officers of the embryonic college were: Edward A. Woods, president; Guy M.

MacLaughlin, vice president; Solomon S. Huebner, Dean; Earnest J. Clark, secretary; Franklin W. Ganse, treasurer; and Everett M. Ensign, registrar. The original directors were: Frank L. Jones, chairman of the National Association's Executive Committee, George D. Alder; J. Stanley Edwards; Hugh D. Hart; Paul F. Clark; John Newton Russell; Charles L. Scott and Edward S. Brashears, attorney for the NALU.

The principal officers met on May 3 at the Mayflower Hotel in Washington to discuss the goals and operation of the institution. "It was a fiery session, lasting all day and far into the night," according to Mildred Stone. Controversy centered on granting honorary degrees, educational prerequisites of candidates, and the scope of the examination. Insisting on high standards, Huebner, Clark and Woods stood firm on not granting honorary C.L.U.s requiring all candidates to have a high school diploma or the equivalent and on making the examinations thorough and rigorous. Course material especially occasioned heated disagreement, as Stone reports:

> Dr. Huebner recommended a curriculum covering life insurance fundamentals and salesmanship, economics, taxation, commercial credit, banking, investments, English, and public speaking. He listed 23 books with 8,000 pages of text to implement the student's preparation. Such a program was vigorously opposed by some members of the committee. They urged an alternate, simplified plan which Dr. Huebner's supporters scornfully referred to as "a two-dollar package." In the Heat of the argument some walked out and slammed the door, but they came back and compromised. Eventually, most of Dr. Huebner's topics were covered, though the recommended reading list was cut in half.[xxiv]

They hoped to implement the program primarily through established colleges and universities, many of which were already offering sources in life insurance. "It was decided," *Life Association News* reported, "that while the College reserves the right to give educational courses of its won, should it choose to do so, that for the present at least, its first object will be to institute a series of examinations of life underwriters of ability and experience who wish to apply for the degree of Chartered Life Underwriter." They agreed that it the number of applications warranted it, examinations would be held twice a year at centrally located educational institutions in the various reigns of the country. Monitors would have to be secured to administer the examinations. The reporter added that the registrar's office was already "deluged" with applications from agents anxious to take the examinations.[xxv]

On August 1, 1927, Roger B. Hull became Managing Director and General Counsel of the NALU. Hulls appointment resulted from deliberations of the Special Committee on Allocation and Reorganization appointed at the Atlantic City convention, composed of Hugh D. Hart, Paul F. Clark, Charles A. Foehl, J. Stanley Edwards and Frank L. Jones. Hart, and active member of the New York life Underwriters Association, was also a member of the NALU's board of trustees that year. As he explained later, Hull came to his attention on the recommendation of John W. Davis, former ambassador to Great Britain. Hull had been associated with Davis in the Solicitor General's Office.

The committee was obviously pleased with its choice. Leaders of the National Association had felt the need for someone of Hull's stature for a long time. Describing him as "the exact individual" Hart and his committee had been seeking, *Life Association New* Listed Hull's credentials and experiences:

> Mr. Hull graduated from Yale College in 1907. Shortly after this he spent considerable time as a traveling student secretary in the New England district for the Young Men's Christian Association.
>
> In 1911 he graduated from Harvard law school and then practiced for one year in Boston. During 191 and 1913 he was Assistant Attorney General of Puerto Rico and Special Counsel to the Insular Public Service Commission.
>
> The following year and until 1915, Mr. Hull was engaged as Special Assistant to the Attorney General of the United States under Attorneys General MacReynolds and Gregory.
>
> During 1916 and 1917 he practiced law in Chicago, but at the outbreak of the Wold War he entered the service first as a Captain in the Ordnance Reserve corps, following which he was stationed in New York City under special designation, in uniform, to the Department of Justice. Later on he became a Major in the Judge Advocate General's Department, subsequently service as Camp Judge Advocated ag Camp Green, Charlotte, N.C. He was then transferred to France, service as Trial Judge Advocate with the A.E.F.
>
> From 1919 to 1924 Mr. Hull practiced law in New York City and was associated with a Wall Street firm. In 1925 he accepted the position of General Attorney for the New York Railways Company, Since January, 1927 he has been engaged in private practice in New York City.
>
> Mr. Hull lives in Pelham Manor with his wife and two daughters.[xxvi]

Hull would serve the NALU long and well, both as manager and legal advisor. Association officers generally found him competent and congenial. "He had a voice that was as much like Orson Welles' as you can imagine—and great presence," says Donald F. Barnes, who joined the headquarters staff some years later. Charles Zimmerman, later a president of the NALU, recalls that he was quite a trencherman. Once when they were motoring together on Association business, Hull had Zimmerman drive thirty miles out of their way so that they could dine at an inn Hull remembered as "a good place to eat."[xxvii]

Among the articles appearing in the national organization's magazine to stimulate interest in the upcoming convention was one announcing the formation of the Million Dollar Round Table. Concerning this "innovation of far reaching importance," the reporter explained:

> Only those life underwriters who are willing to go on record as having paid for at least $1,000,000 of business during the calendar year of 1926 of up to October 1, 1927, will be admitted to this special group meeting. Group insurance is not to be included in individual records.
>
> The sessions will be absolutely informal, with no pre-arranged program. The conference will last two or three hours and be devoted to ways and means recently used by those in attendance in closing big cases.
>
> If this idea proves as successful as its sponsors hope it will be, it is expected that the "Million Dollar Round Table" will become a permanent informal group within the ranks of the National Association, where important sales ideas will annually or more frequently be brought forward and passed on to the newer producers. Invitations to all million dollar producers are now being sent out from National headquarters of the National Association, this particular group embracing, as it does, approximately 200 men.

Paul F. Clark, vice president of the NALU and chairman of the Convention Program Committee, was in charge of this project.

The 38th annual convention of the NALU was held at the luxurious Peabody Hotel in Memphis on October 12, 13 and 14, 1927. The setting was ideal. The hotel was large enough to accommodate all sessions as well as the social life of the meeting. The weather was perfect, (all three days were sunny with temperatures in the 60's), and the Tennessee life insurance community, under the leadership of Mr. and Mrs. E.J. McCormack, proved to be splendid hosts. "Present at all times," *The National Underwriter* commented, "was an air of southern hospitality and cordiality that did as much as anything else to make the affair as much a success as it was."

During the opening session Edward A. Woods unveiled details about The American College of Life Underwriters. Reviewing the long road leading to the founding of the institution, he outlined the scope of the college and proposals for granting the Chartered Life Underwriter designation.

The delegates elected 47 year-old Julian S. Myrick as their new president. Applauding the delegates' choice, *The Insurance Advocate* observed, "Fear had been expressed that certain other individuals might be given this honor, but it seems that what might have been hard feeling has been avoided by his election."

Myrick was a familiar figure both in and out of life insurance circles. The biographical sketch published by *Life Association News* in November, not only summarized his very successful career, but also revealed something of the range of his varied interests:

> Mr. Julian S. Myrick…was born March 1, 1880, in Murfreesboro, North Carolina. He graduated from Trinity School in New York City in 1897. He is married and is the father of four children.
>
> Mr. Myrick began his insurance career in 1898 with Charles H. Raymond & Co., General Agents of the Mutual Life in New York City. Following this Mr. Myrick and Charles E. Ives were associated as general Agents of the Washington Life of New York from 1907 to 1909. They then became managers of the Mutual Life Insurance Company of New York in January 1909. The production of this agency approximates thirty-five millions annually.
>
> The new executive head of the National Association is now President of the New York State Association of Life Underwriters and was formerly President of the New York City Association. He is also Chairman of the Legislative Committee of the New York City Association.

> Mr. Myrick was formerly President of the United States Lawn Tennis Association and is now a member of its Executive Committee, he has been the Chairman of the Committee of Management of the Davis Cup since 1920.
>
> Mr. Myrick's social and business connections are numerous, among them being the New York Chapter of the Sons of the American Revolution, chamber of Commerce of the State of New York, The Bankers Club, The National Republican Club, the Racquet and Tennis Club, Rockaway Hunting Club, Seabright Lawn Tennis and Cricket Club, Orange Lawn Tennis Club and for several years he was President of the West Side Tennis Club.

It is interesting to note that in 1927 Charles Ives' reputation rested solely on his achievements in the business world. Ives was probably the only life underwriter ever to receive a Pulitzer prize. He and Myrick made one of the most successful teams in the history of life insurance marketing. Widely respected in the business, they had both joined the New York City Life Underwriters Association in 1906. But only Ives' family, a few musician and such close associates as Myrick were aware of his innovative work as a composer for which he is chiefly remembered today. One of his best known works, "The Fourth of July," Ives dedicated to Myrick.

Myrick's election surprised him as much as anyone. "I was sitting at my desk in 57 William Street," he recalled, "when a phone call came through form Hugh Hart at the NALU convention in Memphis. He told me the nominating committee wanted me to become president. Well, I had about as much idea of becoming president of NALU as I had of jump in off the dock. I laughed and said, "Hugh, I don" want to be president and I won't take it, and even if I wanted to, my agency vice president wouldn't let me."' But Hart wasn't to be put off. He mad a few well-placed phone calls, and that night found Myrick on the train speeding toward Memphis—with the blessing of his agency vice president.[xxviii]

Clarence Axman, editor of *The Eastern Underwriter*, was probably not alone in regarding the delegates' choice as a return of the Old Guard:

> The big electorial surprise of the convention was that of Julian S. Myrick to the presidency and of C.C. Day to the first vice presidency. When the Convention opened most of those present had not the faintest idea that Myrick would be the man while Myrick was in New York and did not know anything about the movement for him when it got under way.
>
> The Convention managers knew they could do nothing without the consent of President Houston and Vice president Sargent of the Mutual Life and so both were gotten on the long distance phone.
>
> After considerable telephonic conversation the consent of the Mutual Life was obtained, whereupon all other candidates became lost to sight.
>
> Some Westerners and Southerners wanted to know if the Ives & Myrick office did not take brokerage business, and when they found it did some rumblings of discontent were heard, but not enough to make any difference in the nomination….
>
> Mr. Day came into the new officers' picture when E.J. McCormack told friends that he withdrew his name because of pressure from high quarters. As to just how that pressure was exercised is not known except it was the occasion of a talk by Thomas W. Blackburn, former secretary and counsel of the American Life Convention, before one of the committee meetings in which he denied having anything to do with it.
>
> This was one of the chief "inside" political events of the Convention and caused quite a stir as McCormack is popular not only with Memphis life men, but also with the Convention. A part of this is due to the charm, wit and eloquence of his wife who was responsible in the first place for the Convention coming to Memphis, the result other speech before a committee in Atlantic City during which she routed Lawrence Priddy and then made good in Memphis by her "welcome to the city" remarks. She presented such a beautiful picture on the platform and talked with such good humor that the Convention felt that she should be adopted as a mascot.[xxix]

Many, however, did not share Axman's belief that the elections represented a conspiracy of the "old guard" to gain control of the NALU. *The Insurance Field*, for instance, and this to say about the convention:

> Those who see in Mr. Myrick's election a triumph of the "old guard" over the "younger generation" in the National Association are likely to have opinions to alter, for Mr. Myrick, although a New York

> general agent and an Easterner, has always held himself aloof from the politics of the organization.
>
> His selection for the honor actually surprised him: he was persuaded to accept in a series of long distance telephone conversations, participated in by leaders of both so-called factions of the Association, with followed conferences—preceding the Convention itself—whose purpose was to pick the finest material available in the National Association for leadership during the coming year.
>
> Those who know Mr. Myrick will agree that a better selection would have been impossible to find. No higher type, either as an executive and organizer or as a polished gentleman, has ever been president of the Life Underwriters.
>
> He faces a task which will not be small even for his ability. The development of the American College of Life Underwriters and the expansion and co-ordination program of the Association are in a stage where they can be made or marred during the coming year, while the close cooperation and guidance of Mr. Myrick will be invaluable to Managing Director Hull during the first months of his new post.[xxx]

Myrick remained active in Association affairs long after his year in office, serving on the board of trustees for thirteen years. His guidance would prove invaluable on more than one occasion. He was involved in the work of the Chamber of Commerce and for a number of years headed an NALU committee to promote cooperation between the underwriters associations and the Chamber. In 1929, he became a direct of The American College of Life Underwriters and succeeded Ernest Clark as chairman of its Board of Trustees in 1938, a post he held until 1960. Myrick's wide-ranging prestige and his close friendship with Herbert Hoover led to his becoming a key member of the Hoover commission in 1955. Formed to investigate the efficiency of the federal government, its recommendations were endorsed by the NALU. Older Association leaders remember him as outgoing, generous and very kind. An article appearing in *Time* magazine in 1962, when he celebrated his eightieth birthday, provides an interesting picture of this NALU president of such varied interests:

> Myrick, who became president of the U.S. Lawn Tennis Association in the early '20s also headed the Davis Cup Committee whose teams won the cup six years in a row. Once when touring with the 1924 Olympic team, Myrick flattered the Queen of Spain into a doubles match (Queen Victoria, with Vincent Richards, beat Hazel Hotchkiss Wightman and Myrick)…
>
> To keep in selling trim, Myrick begins each day with a 45-minute workout with dumbbells and Indian clubs, and plays tennis three times a week. He gave up smoking cigars in 1924, quit chewing them in 1959, and hardly ever takes a drink until sundown. Then he drinks up to five martinis, often takes wine with the main course and brandy afterward.[xxxi]

The Million Dollar Round Table luncheon, which attracted thirty-six top producers, epitomized the tone of the Memphis meeting. This was clearly a convention that catered to the upper echelons of the field force. "It was quite plain to anyone with half an eye who was at Memphis," observed *The National Underwriter*, "that the Convention was being conducted by and for general gents and managers ad that there was little if anything of value on the program for the average soliciting agent." To the editor of this journal, at least, catering to the "big hitters" seemed both sensible and prophetic, though his dismissal of the first meeting of the Million Dollar Round Table shows less foresight:

> There were virtually no agents present from distant points although general agents, managers and company officials from every part of the country were on hand. The answer to this is that agents get all they want form the local sales congresses, they are not interested in the politics of the National Association, and so, unless an annual convention happens to be close to them they do not attend. The result is that unless company officials, general agents and managers interested themselves in these annual meetings there would be none, for certainly the agents, for themselves, would not attempt to keep them going.
>
> And so at Memphis the voice of the agent was scarcely heard, but what of the heavy hitters, the high butter and egg men of Life Insurance production, the boys who wrote not less that $1,000,000 of paid for ordinary business last year? They had a round table luncheon all to themselves. When it was over one plain talker arose and said that he had never expected so much and gotten so little form any meeting and that he regarded the two hours' time spent as time absolutely wasted, etc. He found, as everyone else did who was there, that the Babe Ruths of Life Insurance are just about inarticulate. They either do not know how or cannot for any other reason to tell how they do it. Many of them talk a great deal, but reveal nothing of practical value to those that hear them. As expositors of ideas they rate for the most part, way down.

He concluded that all future meetings of the NALU would be attended and their programs managed and filled by general agents, managers and company officials. "There will, as time goes on, be less and less for the agent and more and more for the agency manager," he predicted. "And why not? Should not the annual convention of the National Association of Life Underwriters, or any other organization, be held primarily for the benefit of those in control and decidedly in the majority at the meetings? If the answer is yes, then no change is needed or wanted in the National Association's programs."[xxxii]

Edward A. Woods, one of the most influential figures in the life insurance business, died suddenly on November 30, 1927. The unexpected loss of this remarkable pioneer in agent education, within months of the founding of the America College, saddened everyone associated with the cause of professionalism in life underwriting. In January, the NALU's official publication devoted nine pages of tributes to Woods' accomplishments and influence, commenting, " For many years he was the acknowledged leader of practically every movement for the advancement of ethical and professional underwriting standards."[xxxiii]

Ernest J. Clark was selected to replace Edward A. Woods as president of the American College of Life Underwriters when the board of directors met at the Astor Hotel in New York City on April 2. John Marshall Holcombe Jr. then replaced Clark as secretary, and Prof. Arthur M. Spalding replaced Ensign as registrar. Spalding, a graduate of the Harvard School of Business Administration, was educational advisor and director of the Edward A. woods School of Life Underwriting in Pittsburgh. The members agreed to hold examinations for the Chartered Life Underwriter designation on June 21, 22, and 23. Huebner gave a full report of their proceedings the next day when the NALU Executive Committee met for its midyear meeting at the Astor.

In May 1928, the National Association moved its headquarters to 11 West 42nd Street. The Life Extension Institute, (a company-sponsored organization to promote longevity through better health standards and hygienic practices) occupied the old quarters at 25 West 43rd Street. This remained the permanent address of the NALU until April 1956, when the organization transferred its offices to Washington, D.C.

Membership in local associations fell from 15,140 in June 1927 to 14,648 by June 1928. As secretary of the national body, the task of reporting these depressing figures fell to James Elton Bragg when the NALU Executive committee met in Detroit on the eve of the convention, September 10. 1928. "The loss," Bragg told the members, "while discouraging to those responsible for the growth of the Association, is not felt to be indicative of any widespread loss of interest in its work, when it is remembered that the entire loss can really be accounted for in five associations, each one of which faced a particular problem last year which caused the unfortunate result."

The convention met at the Book-Cadillac Hotel. Besides the usual Association business, including Myrick's summary of his administration, there were special tributes to the memory of Edward A. woods and Orville Thorp, who had also recently died. Subjects presented included institutional advertising, cooperation with the trust companies and aviation on "The Theme of the Convention." Concerning the value of institutional advertising, he told the delegates:

> The National Association believes that it is our duty and our opportunity both as a group and as individuals to lead the public to a greater appreciation of the nature and uses of life insurance. We believe that this end will be attained through the inter-action of two major forces, the personal contact with the public of competent, professionally-minded ambassadors of a great institution, rendering efficient service, and through that the service extending good will—aided in the performance of that service by educational advertising which through constant contact with the public will create in the public mind a concept of life insurance which will make it possible for those ambassadors to render a full measure of service….
>
> When the public understand that the institution of life insurance is—as Mr. Darwin P. Kingsley has put it—a perfect scientific democracy which is literally owned by its citizens –the incompetent legislator will not be able to "put over" legislation which is inimical to the interests of the policyholders nor tax their premiums beyond the relatively small amounts required for the maintenance of competent state supervision.[xxxiv]

The choice of topics showed keen sensitivity to the delegates' concerns. Obviously, Bragg and his committee had gone to considerable trouble to secure the best speakers to address the various issues. Immediately after Bragg's comments, Dr. Huebner delivered a paper on "The Value of Life Insurance to the Policyholder Himself." This was followed by W.B. Stout's speech on "The Airplane of Today and its Influence upon our Economic Progress." Speakers at other sessions included Roger B. Hull who spoke on "The New Industrial Citizenship," Judge Thomas C. Hennings whose topic was "The Trust Company's Place in the Plans of the Life Underwriter," and Dr. Charles J. Rockwell who discussed "Life Insurance for the Protection of business Interests."

Historically, the 1928 convention was important because it provided the setting for the first commencement ceremonies of the American College of Life Underwriters and was the occasion for the resolution giving permanent organization to the Million Dollar Round Table. Unfortunately, only six members of the first graduating class were on hand to receive their Chartered Life Underwriter diplomas personally from Ernest Clark: William M. duff, C. Vivian Anderson, L.T. Boyd, H.L. Harvey, Maurice S. Tabor and Leon A. Triggs. After the diplomas had been conferred Paul F. Clark, the newly-elected president of the NALU, said, "I just want to say in behalf of all of you that we hereby and at this time go on record as saying that we will claim The American College of Life Underwriters for all time as our child, and we hope and feel sure that some day she will be our favorite."[xxxv]

Clark's remarks were prophetic. Though its birth had been slow and laborious, The American College of Life Underwriters endured to become the premier institution for raising the level of competence and the prestige of America's life insurance agents. A short decade later, Donald F. Barnes was able to write:

> Today the American College stands as an independent body and one of the most important factors in American life underwriting. In twelve years, 1,534 candidates have passed all of the examinations, and in 1939, 1,750 took one or more examinations. Ninety colleges and universities in the United States acted as examination centers at the most recent series, and 80 colleges are cooperating in giving courses of instruction leading to the designation.
>
> The full significance of the American College is difficult to calculate as such short range, but it will undoubtedly stand as one of the great monument of life insurance, for it had done much to professionalize and dignify the marketing activities of the industry. While today it stands as a great and independent body, the National Association points to it with pride, knowing that it was conceived in the minds of the association leaders and through their support, both financially and in carefully considered counsel.[xxxvi]

Thirty-six members participated in the meeting of the Million Dollar Round table. Dix Teachenor of Kansas City who was there recalled years later, "It was a morning meeting with no prearranged program, and not committee meetings. Paul Clark merely asked eight members, whom he knew personally, to make a few remarks concerning some interesting sales they had made….At that meeting and for two or three later meetings we actually gathered around a *round* table."[xxxvii]

The report of that meeting consisted of nineteen typewritten pages. They formed a committee composed of William M. Duff of the Equitable at Pittsburgh, George E. Lackey and Earl G. Manning to assure the continuance of the group and plan the next meeting. Encouraging them to forma permanent organization, Myrick said:

> Now this idea of the Million Dollar Round table is a thing that you men, yourselves, should enjoy and foster, because the longer we stay in the life in insurance business, the more we come to the conclusion that each one of us does the same thing in a different way, dependent upon our individual character and conceptions. So that you, each and everyone, have something to get from the other and something to give to the other that your service may be improved, and I hope that in the years to come the Round Table will be in a bigger and more important place, and that you men yourselves will take hold of it and see that it is kept up for the value that you yourselves will get out of it.[xxxviii]

Although he was only 36 years old, Paul Clark was a natural choice for the NALU presidency. More than a nephew, Paul was really Ernest Clark's protégé. After graduating from Staunton Military Academy in 1910 and then Denison University, he majored in life insurance and economics at the Wharton School where he came under the influence of Huebner. In September 1914, almost immediately after completion of his studies at the University of Pennsylvania, he began his insurance career with his uncle, spending seven years in Baltimore, first as an agent and finally as associate state agent, were he became the largest personal producer of his company. In April 1921, he was called to Boston by the John Hancock to open a new agency which shortly became the largest in the company. In 1927 it paid for $32 million of ordinary and group business.

The younger Clark had served as vice president of the NALU for three years, chairman of the program Committee for the Memphis convention, where he originate the million Dollar Round Table, and had been mad a trustee of The American College of Life Underwriters. At a time when a number of local associations were in disarray; when the national organization was beset with financial difficulties and dwindling membership, giving Clark the helm was a sensible move. He was unanimously elected by acclamation, no other candidate's name having been put forward.

The election also put Clark in a very good position to nurture his pet project, the Million Dollar Round Table.

In December Clark announced his appointment to the various standing committees of the national organization. The

names make it clear that he was eager to assure strong continuity in the NALU network. There is a decide preference for people of proven ability, long prominent in association affairs. Bragg was renamed chairman of the Convention Program Committee, Myrick was put in charge of the Committee on Institutional Advertising. Clegg was kept on the international Council, chaired by John Newton Russell. Having marshaled his organizational forces Clark, as the beginning of 1929, mounted a huge campaign to recruit new members.

At the same time, several changes occurred on the staff at NALU headquarters. In March the name of Everett M. Ensign (Assistant Managing Director of the NALU and Editor and Manager of *Life Association News*) appeared on the masthead of the magazine for the last time. By April he had been replaced by Max Hoffman, formerly managing director of the Cleveland Life Underwriters Association. Ensign deserves credit for having set up the original office for the NALU, nurtured *Life Association News* through its first two decades, and managed the day-to-day business of the Association for nearly twenty years—all at a comparatively modest salary. He was probably always overworked and understaffed. It is unfortunate that he left the NALU under somewhat of a cloud. For one thing, he lacked the polish of someone of Hull's background, and it was said that he was not entirely honest in the use of Association funds.[xxxix]

Meanwhile, 30-year-old Wilfrid E. Jones was named Associate Editor and Advertising Manager of *Life Association News*. Jones had an interesting background. He was born in London and educated at the University of London at La Sorbonne, Paris. His studies were interrupted in 1917 when he enlisted for service in France with the RAF, but were continued after the lose of the war. After finishing school he received an appointment on the staff of the British delegation to the Peace Conference, at the conclusion of with he served as the attaché at the British Embassy in Paris doing staff secretarial work and, later political and economic research. He came to the United States in 1926 and was associated with the Industrial Research Department of the National Industrial Conference Board where he did editorial work on the Board's research publications until he resigned to join the NALU staff. He would prove an excellent addition to the staff. With his wonderful facility for entertaining and public relations, Jones endeared himself to many of the Association's officers.

For the leaders of the Association, being received at the White House by President Hoover was undoubtedly a highlight of the 1929 convention. The President made an appearance when more than fifteen hundred delegates were admitted to the White House lawn at noon on Thursday, September 26th. The next day Hoover gave an informal luncheon in the White House for eleven Association and company officers. "The President conversed freely with President Clark and other guests regarding the great work of life insurance," Hoffman noted.

Huebner, reporting on the progress of The American College of Life Underwriters, noted that company cooperation with the college was developing satisfactorily. "In many cases this support is beginning to take concrete form," he said. "During the past year, ten leading companies gave the College hearty support in their home office publications and urged their field representatives to prepare for the examinations. With respect to three companies…, study groups were formed among the company's salesmen in certain cities."

Company presidents dominated the list of speakers at the general sessions. Complimenting Gragg for his masterful planning, the reporter noted, "The convention program, full to overflowing as it was, out-ran even its own prescribed limitation, and for twenty minutes after the formal close of the convention, the highlights of the entire three days' proceedings were broadcast over WRC, through the courtesy of the National Broadcasting Company."

Sixty members attended the Million Dollar Round Table Breakfast. George D. Lackey of Oklahoma City, chairman of the Round Table during the past year, presided. Diplomas for the Chartered Life Underwriter designation were awarded to 61 graduates, although not all were present to receive them.

Toronto was selected as the site of the 1930 convention. One great selling point for this location was the gigantic and luxurious Royal York Hotel, just opened by the Canadian Pacific railway. With 1,156 rooms and baths it was rated "the finest convention hotel on the North American continent." It should be remembered that Canada, like the British ocean liners, enjoyed great popularity among American businessmen during the years of prohibition.

The delegates chose Seaborn T. Whatley as president of the national body for the 1929-1930 Association year. A graduate of the University of Alabama, with 22 years' experience in the business, Whatley was a general agent for the Aetna Life at Chicago. His agency, composed of 59 agents, claimed an annual production of $18 million. He had served as president of the Pittsburgh Association of Life Underwriters in 1922. At the time of his election he was completing a term as a vice president of the NALU, as well as president of the Chicago Association. Whatley was also a member of the Advisory Committee for the American College of Life Underwriters. The slate of new officers also included vice presidents E.J. McCormack of Memphis and Thomas M. Scott of Philadelphia.[**]

It was at this convention that the NALU selected a new slogan and emblem—the Liberty Bell with the legend, "Life Insurance: A Declaration of Financial Independence." Fifty dollars in prize money, offered by Julian Myric for the on

submitting the selected slogan, went to young agent, Frederick J. Sendalbach Baltimore.

Occurrences on Wall Street that autumn produced varying reactions among leaders in the life insurance business, but few seemed alarmed. *The National Underwriter* reported the encouraging views of one spokesman:

> In spite of the possible warning given by large drops in stock prices on the New York Exchange last week, Clarence L. Ayres, president of the American Life Convention, predicts that the remainder of 1929 will be the best of the year for general business.
>
> Insurance came through the third quarter of the year in splendid shape, he says, recording substantial gains over the corresponding months of 1928. Complete figures for September are not yet available, but in August the gain was 19 percent, and September continued the production pace.
>
> Mr. Ayres, who is also president of the American Life of Detroit, bases his views on reports form field forces of his own and other companies that are members of the A.L.C. Collectively, their vast organizations reach into every nook and cranny of the country, and thus furnish an accurate cross-section.
>
> "I believe we are in the midst of a period of substantial general prosperity," Mr. Ayres says. "A few weeks back there were some clouds upon the horizon, but these have since disappeared and, save fore purely seasonal occupations and industries, all business lines should record substantial gains in the closing weeks of this year. Men in very close touch with our basic activities, such as steel, oil, minerals, automobile, dry goods, electrical lines, etc., are unanimously of the opinion that business should be good for some time to come."[xl]

The Life Insurance Sales Research Bureau also offered the view that "the unusual increase in sales of ordinary life insurance in the United States evidences a prosperity which is generally shared throughout the county." In September the report noted, "the volume of insurance sold in the country as a whole was 19 percent larger than in September 1928. Every section of the country showed a gain during the month and only six states failed to equal their production during September, 1928."

Forty-some members attended the midyear meeting of the NALU Executive Committee on March 14 in New York City. Reporting for the vice presidents of the national body, Scott stated that they had received letters from President Whatley placing each one in charge of a district and that they were getting in touch with the president of each local association, preparatory to the membership campaign. Clegg, chairman of the Senior Council, reported that he had heard form practically all past presidents and they assured the committee of their hearty appreciation and support of the present administration and the way things were being carried on by the Association.

At last, the finances of the national organization seemed on a sound footing. The treasurer's report revealed that for the eight months period ending February 28, 1930, there was a surplus of $27,283.32 as compared with $21,900.64 for the same period the year before--a gain of $5,382.68. The estimated budget for the year was $100,000. "I am very happy to report to you that so far as we at headquarters can tell, the Association is running along as smoothly as could be hoped for," Whatley told the group. "Financially we are in better shape than ever before, numerically we are stronger than ever before, and domestically we are getting along wonderfully."

By June 1930, combined membership of all associations affiliated with the NALU was 18,415, the largest in the organization's history.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

** Parliament, in granting the Life Underwriters Association of Canada a charter of incorporation in 1924, empowered it to conduct examinations and award to qualified candidates the right to use the title "Chartered Life Underwriter of Canada." The following year, the Association gave the honorary title to forty-eight carefully selected life underwriters.*

*** Scott was somewhat of a legend among agents. On his selling tactics and fame as a "super salesman," Stalson comments, "Thomas Scott, leading producer of the Penn Mutual for many years, was shown to have produced a large number of sales as well as a large dollar volume of business. Mr. Scott advocated having a prospect examined before trying to interest him in a policy; it saved time, he said , and it led the prospect along 'gradually and easily.'" (Op. Cit., p. 629.) As might be expected, he was a prominent figure in the Million Dollar Round Table.*

[xvii] LAN, March 1926, pp556-559

[xviii] Proceedings, 1926, pp1-4

[xix] LAN. November 1926, pp. 264-265

[xx] Ibid., p. 267

[xxi] Ibid., p. 266

[xxii] Proceedings, 1926, p. 309

[xxiii] LAN, February 1927, p. 498

[xxiv] Stone: Op. Cit., pp. 71-72

[xxv] LAN, June 1927, p. 835

[xxvi] Op. Cit., August 1927, p. 835.

[xxvii] Zimmerman: Interview, Hartford, Connecticut, June 1985.

[xxviii] LAN, July 1965 p. 84

[xxix] LAN, December 1927, pp. 311-312

[xxx] Ibid., p.312.

[xxxi] Stone: Op cit., 183.

[xxxii] LAN, December 1927, p. 313

[xxxiii] LAN, January 1928, pp. 388-393. Also pp. 402, 403 and 411

[xxxiv] Proceedings, 1928, pp. 24-25

[xxxv] Proceedings, 1928, ppp. 98.

[xxxvi] Barnes: The National Association of Life Underwriters: Fiftieth Anniversary, p.38.

[xxxvii] LAN, March, 1961, p. 95.

[xxxviii] Proceedings of the Million Dollar Round Table, 1928, p. 7.

[xxxix] Zimmerman: Interview, June 1985.

[xl] LAN, November 1929, p. 283.

Voices from the Field

The Depression and Aftermath

"American life insurance stands today as the veritable economic bulwark of the nation….Its purpose and service not only make of life underwriting a wholesome and dignified profession, but also a holy crusade."

—Lester O. Schriver

BY 1931, THE LIFE INSURANCE BUSINESS was feeling the unmistakable effects of the depression. There was a marked increase in demands for policy loans as well as the number of lapsed policies. (The Equitable, for example, reported that from 128,414 in 1928 the number of policy loans swelled to 375,641 in 1932.) [i]

Rising unemployment inspired a flurry of disability claims, and life insurance sales dropped dramatically. In August, the Association of Life Insurance Presidents (which represented the larger, old line companies) reported that for the first seven months of the year, new business was down 13.0 percent form the same period in the previous year. "New ordinary insurance amounted to $4,556,066,000 against $5,384,523,000—a decrease of 15.4 per cent," quoted *Life Association News*. "Industrial insurance amounted to $1,644,991,000 against $1,725,898,000—a decrease of 4.7 percent. Group insurance amounted to $542,616,000 against $639,072,000—a decrease of 15 percent." [ii]

It was now obvious to everyone that, with the great stock market crash of October 1929, the booming twenties had come to an end. "Though government officials and many leaders in the industrial and financial world endeavored to minimize the seriousness of the situation," observes Dr. Buley, "the fact was that the United States was entering upon one of the major depressions of its history. It was to be a trying time for life insurance—the most trying since the 1870s." [iii] Describing the economic climate during the early 1930s, Dr. Buley recalls:

> As the weeks and months went by, the hoped-for recovery in the nation's economy did not materialize. Time and again the stock market staged a false recovery, then sank still lower. Unemployment increased to some 14,000,000 persons and, though there was plenty of credit available for those of productive enterprise, few desired to use it. The ebullient and rampant optimism of the late 1920s had gone into reverse and instead prevailed a Stygian gloom; people were now certain that what had gone down would never go back up; some even thought that the system of private enterprise—perhaps even the United States—was breathing its last. [iv]

When it became clear that the boom of the twenties was definitely over, it might have been expected that the NALU's boom was over, too. This was not the case. As Donald F. Barnes notes in his fiftieth anniversary history of the association, "In other similar organizations there came a definite decline in interest, membership and financial support. But all over the country life underwriters rallied to the challenge of the crisis; the association kept moving forward with new ideas, new high marks, new plans for the future and an ever-increasing interest." [v]

The association's resilience was due largely to a succession of forceful leaders who never lost sight of the NALU's fundamental goals and kept its spirit alive. As heads of successful sales organizations, they were totally committed to bringing the advantages of life insurance to the American people through educational publicity and the personal solicitation of informed, honest career agents. Insisting upon moving forward with the projects initiated earlier, these men continued to campaign for an ongoing program of institutional advertising. They kept up a nagging pressure on the companies and other industry organizations, reminding them of the possibilities for exploiting the various media with effective advertising techniques to awaken in the public mind the value and benefits of life insurance.

Leaders of the NALU also maintained a fatherly interest in the development of The American College of Life Underwriters, and placed the Association's full resources at its disposal. In fact, the NALU was practically the sole promotional vehicle for the CLU movement during this period, bringing it to the attention of the companies and agents alike. Besides holding commencement exercises at the annual conventions, giving Ernest Clark and Dr. Huebner a prominent place in the convention programs, the NALU allotted page after page of *Life Association News* to publicize the college's instructional program. Bibliographies and study guides to help students prepare for the Chartered Life Underwriter examinations appeared regularly in the Association's magazine.

Life underwriters associations nurtured the CLU movement locally as well. The natural haunts of the College's graduates, association gatherings became planting grounds for the American Society of chartered Life Underwriters, the College's alumni association. The Society, in turn, perpetuated the CLU movement through its members who formed a corps of mentors conducting study groups in localities all over the country. This tutorial method became standard practice. For even though The American College today has a large and impressive campus at Bryn Mawr, Pennsylvania, with a full compliment of faculty and staff, ample facilities, and a greatly expanded curriculum, the vast majority of CLU candidates still prepare for the examinations by studying privately and with study groups sponsored by the local Society chapters.

Most of the Association's leaders were enthusiastic members of that flourishing elite corps of agent, the Million Dollar Round Table of the National Association of Life Underwriters. It became their custom to meet for a few days prior to the NALU's annual convention at a nearby resort or similar meeting place. All converged on the convention, culminating their annual meeting with the Round Table breakfast at the height of the convention. The presence of these star salesmen, who were often inspiring speakers, brought added luster to the NALU conventions. Stimulating the delegates with practical selling ideas, new challenges and ever-higher standards for success in the business, these "Echoes of the Round Table" became one of the most attractive features of the annual meetings.

Nor did those who served as Association officers during this period overlook routine matters. Maintaining the organization on a sound financial footing in a period of stringency was no mean accomplishment. Though the budget was necessarily small, they nevertheless made provision for sustaining an operational headquarters sufficiently staffed to coordinate the various activities of the Association and its affiliates. Continually revitalizing the organizational machine at all levels, the Association leaders organized committees, launched membership drives, made personal visits to encourage local group efforts, and worked hard to produce annual conventions that offered productive work sessions, interesting speakers and pleasant entertainment.

Unquestionably, those prominent in Association affairs during the 1930s were very dedicated men. Like their predecessors, they were also intelligent, well-informed men of wide experience. Many possessed a liberal education and all shared a broad vision for the Association's future. Beyond keeping the national organization on course, these leaders were sharply alert to current developments in the economy, in government and within the industry. Always sensitive to movements through out the field force, they listened closely to the agents growing concerns and interests, which they undoubtedly shared. They did not always agree on how to approach each problem, but their willingness to respond to these needs and aspirations kept the NALU in a position where it remained preeminently the agents viable organization, not only during the crisis of the Great Depression and the trials of Wold War II, but also for the post–war generation of life underwriters. America's life insurance agents, they realized, had to keep pace with changing markets, evolving products, expanding services, and shifts in company policies. Thus, the special requirements of general agents and managers, the particular interests of women agents, the organizational problems of local associations and the emerging state life underwriters associations, as well as political trends signaling new legislative challenges, all occupied their thoughts and energies.

Recalling the associated agents' major concerns during the 1930s, Holgar J. Johnson, one of the decade's most dynamic leaders, explains, "The kinds of things we were working on in those days centered on agent education and everything that helped build the stature of life insurance agents. We were much closer to the political environment in many respects than the companies were because the agents knew a lot of the political people at the state level. We weren't very much involved at the federal level; it was state legislation and regulations that most concerned us at that time. Licensing, for instance, in most states was still a very primitive affair. When I was a young agent in Pittsburgh, we had three general agents who acted for the state and held examinations for anybody who wanted to become a life insurance agent. Members of life underwriters associations wanted to see much stricter standards in licensing." [vi]

An important solidifying influence for the NALU continued to be the warm friendships developed among the life underwriters. "The social camaraderie of the national association was of itself a very important element," Johnson comments. "I think that the fellows who were active in the Association in those days all knew each other better than they seem to now. It was a much closer social contact."

The NALU's good fortune in leadership resulted partly from its organizational structure that ensured a perennial team of officers and committeemen made up of older, experienced leaders and a continual supply of eager, fresh "new men," groomed in local association management, ready to take over the reins when their turn came. This arrangement meant there was always leadership continuity. Working closely with the older leaders, each generation of officers was familiar with the traditions of the Association through personal contact. At the same time, the organization was never at a loss for fresh talent, alert to the current mood of the field force and the business at large. [*]

Another reason for the NALU's surviving the '30s with so much aplomb was the talent, dedication and stability of its

headquarters staff. As managing director and general counsel, Roger B. Hull displayed the kind of confidence and managerial adroitness needed to keep the Association machinery functioning, if not always running with perfect smoothness. An effective orator with an incisive, well-informed mind, Hull was frequently in demand at association gatherings. He, Hoffman and Jones remained at their posts throughout the decade, competent, trusted and generally popular with the officers and local leaders. As far as the division of labor was concerned, Hoffman took care of much of the business and financial arrangements while responsibility for producing the magazine fell more and more to Jones. In 1939 Jones was given the title Editor and Manager of *Life Association News*.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] In assuring a mixture of old and new, the selection of officers in the 1920s and early 1930s was similar to the present arrangement, though not exactly as it is today. The Board of Trustees was composed of the president, the chairman of the Executive committee, two vice presidents, the secretary, treasurer, and three previous presidents. (As a result, in 1931 Myrick, Paul Clark and Whatley, as Board of Trustees as late as 1938.) Likewise, by having five vice presidents who often "moved up year to year, starting as "Fourth Vice President," eventually go to "First," and finally

plain "Vice President" the year before becoming president, the Association always had a supply of well-seasoned officers. (thus the names of C. Vivian Anderson, Theodore M. Riehle, Lester O. Schriver, Alexander E. Patterson and O. Sam Cummings appear on the lists of officers several years before they assumed the office of NALU president.) In 1934, the revised constitution provided for a composition of officers that still obtains today: president, immediate past president, vice president (now called "president-elect"), honorary vice president, secretary, treasurer, managing director (now designated as executive vice president), and twelve trustees.

[i] Cf. Buley, Op. Cit., Vol. II p. 1030.

[ii] Op. Cit., September 1931, p.34.

[iii] Buley: Op cit., p.986.

[iv] Ibid., p. 987.

[v] Barnes Op. Ct p.41.

[vi] Johnson: Interview, May 1985.

Voices from the Field

Annual Conventions and Midyear Meetings

Meeting in Pittsburgh's William Penn Hotel in September 1931 for their forty-second annual convention, the associated agents issued a strong pronouncement of faith in the nation's capacity to deal with the current economic crisis. "Because of the present challenge involved in the world-wide financial situation and of the wide-spread concern of many people affected thereby," their resolution read, "the National Association of Life Underwriters…records its unshaken confidence and faith in the financial structure of the Country and in the resources and ability of our people to meet any emergency that may arise."

Equally assertive of optimism was the convention's theme, "Life Insurance: the structural Steel for Estate Building." The imagery, of course, derived from the fact that they were meeting in Pittsburgh—the heartland of the steel industry. More than 1,700 attended. Although the weather continued unseasonably hot and humid, everyone took a keen interest in the proceedings. Theodore M. Riehle, general agent for the Equitable in New York City, presided over the well-attended Million Dollar Round Table breakfast, and Huebner and Clark were on hand to give out CLU diplomas to the 42 graduates present. (There were 168 graduates in all that year.) The delegates elected Elbert Storer of Indianapolis to succeed Oklahoma City's George E. Lackey as president. Storer, who had served as membership chairman, could report that total membership in the 228 local associations had reached 19, 758.

In his report to the convention, Lackey spoke enthusiastically about the NALU's latest project, the Department of the American Family. Citing this program as another instance of the agents' interest in institutional advertising, Barnes observes:

From 1930 to 1934 the association promoted a Department of the American Family to bring about a closer cooperation with women's clubs and to continue the idea promulgated many years before of arousing the interest of American women in life insurance. An association representative traveled into all parts of the country, speaking before women's clubs and stimulating interest in life insurance.[vii]

Complimenting the program's director, Mrs. W.S. Pritchard of Garner, Iowa, on her extensive speaking tour, Lackey told the delegates, "I confidently believe that great food can come from this new Department. I am proud that it is a 'baby of my administration."

Another innovation introduced at the Pittsburgh convention was the General Agents and Managers Section, an extension of the convention program devoted to the problems of managerial members. Alexander E. Patterson acted as chairman: It became a regular committee of the NALU. In addition to study and research throughout the year, by the end of the decade a full day was devoted to problems in agency management at each annual convention.

Along with its new American Family program, the National Association's institutional advertising campaign gained added momentum when it won the support of the Association of Life Agency Officers in staging a nationwide celebration of Life Insurance Day on January 21, 1932, as part of National Thrift Week. It was hoped this would inaugurate a new era of collaboration since the NALU had never really received the wholehearted, consistent cooperation of the companies in promoting institutional advertising. Associations everywhere tied in with the nationwide advertising and publicity campaign. The radio proved an effective medium for this consciousness-raising endeavor. " Reaching to millions of homes throughout the United State," *Life Association News* reported, 'the radio told the story of Life Insurance as never before. In almost each of the leading cities and towns some use was made of this means to impress upon the unseen audience the great importance of Life Insurance in this time of economic disruption." Among the more impressive spokesmen enlisted for these broadcasts was Merle Thorpe, editor of *Nation's Business*, and Senators Robert F. Wagner of New York and Arthur Capper of Kansas. Robert B. Hull, Managing Director of the National Association, who was on his way west on his annual trip spoke over the air from Jackson, Mississippi. In many towns, displays were set up in storefront windows and , of course, local newspapers were utilized to get out the message as well. [viii]

The day's events were to have a significant impact on the development of industry-wide publicity for the rest of the decade, as Barnes explains:

> For the first time, the entire institution impressed its importance and significance on the public

consciousness. Institutional advertising—in fact, institution-wide cooperation—was on its way.

The following year, the activity was broadened from a single day into "Financial Independence Week," with fuller preparation and more complete knowledge of what was to be done. In 1935, it became officially known as "Life Insurance Week."

In 1936, the angle of approach was altered when the commercial aspects of the Week were eliminated. "One-week sales drives" that coincided with the celebration were deprecated, and it became more of an institutional, educational campaign, designed to acquaint the public with the larger aspects of life insurance and its services to America.

In that year the observance spread even more widely, with its basic newspaper advertising campaign backed by magazine articles, radio addresses, wide publicity, the cooperation of the United States Department of Commerce, which sponsored life insurance exhibits, and the increased use by local associations of every form of tie-in material.

In 1938 the celebration became still further removed from commercialism when its name was changed to "The Annual Message of Life Insurance to the Public."

The idea of the contest to bring about a greater awareness of life insurance, conducted into the early '30s by the Department of the American Family, which sponsored high school essay competitions in several states, was eventually assimilated into the "Annual Message" celebration. Over 250,00 high school students submitted essays for prizes offered by the National Association and its local units in 1937 and '38.

The public relations activities of the National Association, however, have not been confined to the one week of the "Annual Message." Since 1936, the association, through its Committees on Education and Life Insurance Information, has supplied material both directly to newspapers through the country and for distribution by local units. [ix]

Despite a gloomy economic outlook and a downward trend on all sides, membership in life underwriters associations rose slightly in 1932, totaling nearly 20,000. NALU treasurer Robert L. Jones reported the organization showed a net profit of $1,760 above all expenses. Total assets were $73,728 with a surplus of $39,524. At the September convention, held at the Hotel Fairmont in San Francisco, Charles C. Thompson, manager for the Metropolitan Life in Seattle, became president of the National Association. The new vice presidents were men who would come to exercise considerable influence over the NALU during the decade: C. Vivian Anderson, Theodore M. Riehle, Lester O. Schriver, and Alexander E. Patterson.

The election of Franklin D. Roosevelt as President of the United States in November 1932 ushered in a new era of national economic policy. As the nation sank deeper into the depression, Roosevelt's promise of a "new Deal"—a program of government initiatives to stimulate the economy—gave voters hope for a restoration of prosperity. His election represented an irrevocable turning point in domestic affairs. The policies initiated during his administration signaled a trend characterized by responsibility and power being centered in the federal government, rather than the various states. The federal government began exercising greater supervision private business, subjecting industry, commerce, and agriculture to tighter controls. With the advent of Social Security, the government assumed more and more responsibility for the financial welfare of the populace. Besides providing sustenance for the poor and indigent, in time, health care for all citizens and the education of the nation's youth also became special concerns of the government. The consequent expansion of the federal bureaucracy and the extension of its activities required enormous funds, to say nothing of later development necessitating a huge defense budget to wage costly was overseas and a program of financial aid to allies and their former colonies. The privilege of paying income taxes would no longer be confined to the upper echelons of society. During the next thirty years it would become a burden familiar to an ever-widening measure of the population. Inevitably, the movement toward centralization and paternalism in government, initiated in the early 1930s, had serious implications for the life insurance business. The agents watched these developments with growing interest. Many viewed the trends in public events with considerable alarm.

Meanwhile, with high unemployment and tight money, agents found it increasingly hard to find prospective buyers of life insurance. "During the thirties we had a heck of a time selling ordinary life insurance," Holgar Johnson remembers. "The only products you could sell then were things that were guaranteed. That's why we sold an awful lot of annuities. For a period of two or three years it seemed you couldn't sell anything but an annuity." (Johnson believes this is the origin of attitudes that were to prove perennial problems for agents later. "It created the idea that an endowment at 65 was virtually like an annuity," he explains. "You only paid a few cents more for it, but you got a life insurance policy along with it. It was only a matter of time before people started suggesting that the ideal plan

was to buy term insurance and invest 'the difference.'") [x]

David Fluegelman, who served as president of the NALU many years later, began his insurance career in 1931. "It's only a slight exaggeration to say that during the early days of the depression, we sold only endowment policies," he recalls. "Since so many banks had failed, people felt that the safest place to put your money was in a life insurance company contract. Almost universally, people preferred a twenty-year endowment over ordinary life." [xi]

Since the 1920s, many agents had found the "guaranteed income" approach most successful for dealing with conservative-minded and more cautious prospects. Like a trust fund, the idea of a certain monthly or annual sum, rather that a "lump sum" settlement, appealed to those eager to provide security for their heirs or a regular income for their retirement years. In order to prop up the economy, one of Roosevelt's first acts was to take steps to debase the currency by fixing the weight of the gold dollar at 59.06 percent of the existing gold dollar. As a result, Dr. Buley relates, "Life insurance agents noted an increasing tendency on the part of prospects and policyholders to question the desirability of purchasing life insurance, the benefits of which would be paid in dollars of uncertain value. Company officers received many letters form worried policyholders and frequently were hard put to frame a satisfactory reply." [xii]

The Great Depression reached its depth in 1933. National income had dropped over one-half, and pressure on the life insurance companies' reserves intensified. In ever-increasing numbers policyholders borrowed on their policies or surrendered them for cash in an emergency. More and more jobless heads of households had let their policies lapse. Amid a flurry of bank closings and business failures in other industries, America's life insurance companies, with their conservatively invested funds, generally remained strong, fully capable of honoring their commitments to the policyholder. Even so, they drew sharp criticism in some quarters. In rural areas there was considerable resentment over the number of foreclosures on mortgages the life insurance companies held on farms—despite the fact that companies often allowed the dispossessed owners to remain as managers. As interest rates dropped, companies were also forced to reduce the dividends paid on policies, in order to protect their reserves. This gave rise to further murmurs of discontent.

Addressing the agents at their annual meeting in Chicago in September 1933, Herman A. Behrens, president of the Continental Assurance and Casualty Company, dwelt upon the part life insurance would play in the "New Deal" and called upon the agents to perform their roles well. "Never before have we as life insurance men had a greater duty than now to impress upon the public the need forlife insurance," he said, "and never has there been so great an opportunity to do so successfully."

Lester O. Schriver, chairman of the National Convention Program Committee, elaborating on the convention's theme ("Face the Future with Courage Through Life Insurance, the Stability and Security of the Nation"), exhorted the agents to take pride in representing "an institution whose gospel is a second chance for the widow and the orphan, and financial independence in the sunset of life." No group could regard the institution which they represent with greater satisfaction than the agents themselves, he thought, when they contemplated "the achievement of the institution of Life Insurance during the unprecedented cataclysm which has torn the economic world asunder during the past four years. It as indeed been a veritable 'Rock in a Weary Land,' " he added, "the philosophy and economics of which have sounded the only diapason in a world of economic discord." Emphasizing the remarkable durability the institution had displayed, Schriver reminded the agents:

> American Life Insurance stands today as the veritable economic bulwark of the nation. It holds in sacred trust $21 billion of assets which belong to more than half of our people. Its financial program is sound. At no time has it borrowed more than two-tenths of one percent of its total assets to meet obligations. Its philosophy makes it not only a sound business enterprise but a great practical philanthropy. Its purpose and service not only make of life underwriting a wholesome and dignified profession, but also a holy crusade. [xiii]

While most of the meeting was devoted to discussion of the economy and methods of selling under adversity, the delegates also looked to ways of strengthening their professional ties. Charles Thompson had proven a capable leader. A very forceful personality, he had impressed the agents during his invitations to the various local associations, imbuing them with much needed optimism. The previous year, a special committee on the organizational structure of the NALU had recommended a modernization and broadening of the Association to include state associations as an integral part of the organization. The bylaws adopted at the 1933 convention marked the beginning of anew era in organization procedure for the NALU and opened new channels for further growth and development. The committee also produced a set of model bylaws for local and state associations. This set in motion a rapid succession of organized state associations. Although local associations within a state often cooperated to promote certain legislation and to conduct sales congresses, few state associations had a formal organization before the 1930s. The model constitutions for local associations also had positive effect. Adopted almost universally, this uniformity of aims and procedures aided in bringing about closer ties between the local units

and the National Association.

In his report to the convention, Thompson reviewed the progress of the general agents' and managers' organization. Bringing the delegates up-to-date, he said:

> One of the most important developments in many years is the inauguration of a General Agents' and Managers' Session, which had its birth in Pittsburgh in 1931. Arrangements were made for a permanent organization at the San Francisco Convention last year, with Mr. Julian S. Myrick as Chairman. A splendid program for this year's session was prepared by a committee headed by Mr. Holgar J. Johnson.
>
> The organization and functioning of General Agents' and Managers' Associations has been stimulated throughout the country. The usual plan, which I think is wise, is for a close affiliation of these organizations with the local underwriters' associations. In several large centers, the General Agents' and Managers' body is a department within the underwriters' association. [xiv]

The delegates elected C. Vivian Anderson, agent for Provident Mutual in Cincinnati, president for the 1933-34 term. A huge man, Anderson had been in the first graduating class of the American College of Life Underwriters. His colorful and sometimes controversial personality became known as a power in association politics. They called him the "king-maker" because it was said, if you wanted to become president of the NALU, you would be wise to gain the backing of the influential Vivian Anderson. Greatly admired as a successful agent and loyal association man, some nevertheless found him insensitive and heavy handed. Anderson liked to display his physical prowess. Older Association men related that he took delight in terrorizing an unsuspecting young newcomer to NALU meetings by picking him up and holding him outside a hotel window, many stories above the street. When he died in 1959, *Life Association News* commented, "physically, he was a big man…wide of shoulders and of athletic bent—as befitting a former physical director and football coach." Calling him "a giant in our business," the editor noted that Anderson was the first president of the American Society of Chartered Life Underwriters and a founder and life member of the Million Dollar Round Table. "He gave unstintingly of his time and unusual talents to help elevate underwriting to a professional status," he added.

Anderson was also the first NALU president to address the American Life Convention at what later became known as the traditional "Tom Grant Breakfasts." Sponsored by Business Men's Assurance and named after the company president, they became a regular feature of the life company presidents' annual meeting. Through visibility and goodwill, the breakfasts gave Business Men's Assurance an opportunity to foster its reinsurance business among the heads of companies. At the same tine, since meetings were usually held soon after the NALU conventions, they provided an occasion for the new president of the national association to deliver a major policy speech before the industry.

Through the years—and particularly since the merger of the American Life Convention and the Association of Life Insurance Presidents into the American Council of Life Insurance—the Tom Grant Breakfasts have come to be regarded as an annual message from the field force. Conscious of the honor to the NALU and grateful for the generous courtesy extended to the Association by the Business Men's Assurance Company, most NALU presidents have seized the opportunity to communicate the agents' paramount concerns to the company executives.

With his usual bluntness, Anderson emphasized the need for better recruiting and training of agents. "We are besieged in the field," he said, "with a demand for more men and more manpower, when there are a good many of us taking it on the chin."

There were 265 local associations affiliated with the NALU in 1934. For the first time, combined membership in these associations exceeded 20,000. Called the "Fifth International Convention," the annual meeting, held that September in Milwaukee, was conducted jointly with the Canadian agents. It happened that the honorary vice president of the NALU, the president of the Canadian association, was also named Anderson—A.D. Anderson of Toronto. He and Vivian Anderson obviously enjoyed the coincidence and played it up as they shared the platform at the opening session.

Concern over the state of the economy and the policies of the Roosevelt administration were clearly reflected in the remarks of Holgar J. Johnson, program chairman for the Milwaukee Meeting. IN discussing the convention's theme, "Life Insurance—the Cornerstone of Man's Financial Security," Johnson focused on the impact of the proposed social security legislation. "These changes will no doubt bring about national recognition for the need of individual old age security," Johnson observed. "Irrespective of the particular direction that such a trend may take, of one thing we can be certain, and that is that it will bring about a greater national consciousness of the need for personal economic security."

The reliability of life insurance, as opposed to the fickleness of speculative investments—so dramatically illustrated on Wall Street in recent years—was a thesis expounded by a number of speakers at the Milwaukee convention. One of the outstanding addresses on this subject, according to Wilfrid Jones, was that given by Paul Speicher of Indianapolis on "America's Best Financial Friend—Life Insurance." Another popular speaker was Grant Taggart, a million-dollar producer form Cowley, Wyoming. Commenting on his "stirring talk," Jones wrote:

> As one who during the past eight years has continuous record of at least one application a week and of placing over nine million dollars of business on the books in his territory, a territory of sixty square miles, Mr. Taggart was well qualified to convey the meaning of success in his audience. "Do not be afraid of people," he said, "the most successful are the easiest to talk with about life insurance. Make a hobby of being thorough and natural; the harvest of side lines is barren regrets; settlement with application means that you are delivering *his* policy, to collect on delivery means that you are delivering *your* policy. There is all the difference in the world." [xv]

By this time the NALU had a standing Committee of Women Underwriters. During its first year (1933-34) the group was chaired by Sophia W. Bliven, manager of the Women's Agency of the Penn Mutual in Philadelphia. She was also the president of the newly-formed Women Underwriters' Round Table. In her address to the convention at Milwaukee, Miss Bliven suggested targeting the American housewife for life insurance sale. "In our national advertising and in Independence Week we should take into consideration the women," she said, "And I am speaking now of the wife and the mother. We can take pattern from the General Motors Corporation and all the other large automobile concerns who spend thousands of dollars in studying how to make their product appeal to women." [xvi]

Anderson was succeeded by Theodore M. Riehle of New York City. In his address before the American Life Convention that fall, Riehle informed the company executives that the total membership of local life underwriters associations amounted to 22,583, representing 242 legal reserve life insurance companies, the highest in the forty-five hear history of the Association. "Life insurance companies have demonstrated., especially through these past five years, their essential function in serving America," he said. "The agents, who I have the honor to represent, have been the servants of both—their representative companies, and the nation." He focused on three impairments that he felt inhibited the progress of the field forces: (1) the unprofessional image surrounding the number of part-time agents in urban centers; (2) the operations of obviously unfit agent; and (3) the undiscriminating selection of agents. The solutions, Riehle maintained, lay ultimately with company executives. He gave three reasons for the urgency of alleviating these problems. First, the interest of the public—especially policyholders—as well as the agents required better quality personnel in the field. Second, a highly competent field force would enhance public acceptance of the agent. Third, the companies would benefit materially, as lapsation and agent turnover were reduced.

During this period the Association was fortunate in having alert chairmen and reliably active members on its key committees. Largely unnoticed, the work of these committees often proved crucial in guarding the agent's interests. In January 1935, for instance, *Life Association News* announced:

> The new year begins with a piece of real accomplishment by the Committee on Law and Legislation of the National Association for Life Underwriters.
>
> It relates to the new Treasury Regulations ("Regulations 80") with respect to taxation of life insurance proceeds. On December 12th, the National Association sent out to all officers of local associations, a bulletin, telling the effect of a conference which its committee had had with Treasury officials, and enclosing a pamphlet construing the new Regulations. The position taken was challenged by certain "tax authorities" and our Law & Legislation Committee went back to the Treasury Department and secured an express "clarification" of the government's position in line with your association's interpretation…A new pamphlet is being prepared, which will be ready by January 1st for general distribution. The situation is now in better shape even than that which resulted form the well known ruling of October 18, 1830. That should be good news to every life insurance man and woman. [xvii]

In the autumn of 1935, the NALU held its annual convention in Des Moines. Combined membership in all local associations had jumped to 24,307, and attendance at the convention was an encouraging 1,600 plus. Sessions were conducted in the main ballroom of the Hotel Fort Des Moines.

Des Moines mingled contrasting notes of nostalgia and futurism in transportation. Upon arrival, Riehle and his party were driven from the train depot to the hotel in an open Victoria coach. His exit from the convention city was regarded as even more novel. United Air Lines placed one of their latest tri-motor Boeing "air cruisers" at the disposal of the NALU officers who wished to fly home by way of Chicago. It was part of a promotional effort introducing businessmen to the timesaving advantages of flight while assuaging their fears about the dangers of air travel.

Lester O. Schriver succeeded Riehle. A former clergyman, an authority on Abraham Lincoln and an inspiring speaker, Schriver was one of the most respected men in the business. After graduation from Syracuse University in 1915, followed by a year's graduate work at Wesleyan, he became pastor of the Methodist Church in Middleton, Connecticut. There, in 1923, he began his career in life insurance as an agent for Aetna Life. During this period he also served as a member of the Common Council of the Connecticut General Assembly and state Senate. In 1925 he was called to the home office of Aetna Life as manager of sales training. He later became superintendent of agencies and, in 1929, was named general agent at Peoria, Illinois, wit jurisdiction over seventy-seven counties. Very influential in life insurance circles, Schriver had done much to build up the associations in Indiana, Illinois and the other mid-western states. He proved very effective in raising membership in local associations throughout the country.

The introduction of Social Security legislation naturally aroused the interest of life insurance executives and agents alike. The chief impetus for enactment of the Social Security Act came from the Roosevelt Administration. The initial law provided old-age benefits as a matter of right supported by a payroll tax, which later after expansion, came to be known as the Old Age, Survivors, and Disability Insurance System (OASDI). Another element was a State Federal Unemployment compensation system financed by a payroll tax. There was also aid to dependent children covered by grants-in-aid to the states.

Initially, many in the insurance business reacted negatively to the idea, regarding Social Security as a move on the part of the government to compete with private insurance. To some, it seemed merely the first step toward nationalizing life and health insurance. Predicting the eventual doom of privately-sponsored pension schemes, coverage for disability and illness, endowments and death benefits, they heard in the Social Security Act of 1935 the death knell of the life insurance business in America.

Most life underwriters, however, soon discovered that Social Security, like War Risk insurance a decade and a half earlier, acted as a consciousness-raising device, reminding people of the need for having sufficient coverage beyond the minimal benefits of Social Security. It became a starting point in sales presentations. In discussing estate planning with prospects, agents found themselves explaining the benefits, along with the limits of Social Security. As Buley comments:

> Although it was one of the most basically important laws enacted in the United States during the present century, it was—and remains—but poorly understood by the average citizen, both at to its provisions and long-term implications. The life insurance companies through their literature and agent training programs provided the public with much information of the benefits and their frequent liberalization, but naturally could not explain to the public the financial basis of the Social Security system. [xviii]

In addition to speculation about the advent of government sponsored insurance and the difficulties of marketing life insurance in a depressed economy, the associated agents continued pursuing the seemingly unattainable goal of a totally professional field force. During Schriver's administration the NALU initiated an all-out effort to gain company support in establishing qualifying and performance standards for career life underwriters. Barnes observes:

> One of the most important steps taken by the Association during the '30's, in fact during its entire history, of particular significance both to the agent and the public, which it conceived and sponsored, is the Plan for Improving Agency Practices. A Declaration of guiding Principles and Agreement was approved by the National Association and the Association of Life Agency Officers on February 26, 1935. This agreement has for its purpose the elimination of the part-timer from urban centers of over50,000, population, and the elimination of the unfit agency everywhere, While neither of the conferring bodies expected to correct all of the abuses of life insurance in a dingle stroke, the agreement gave new heart to those who felt that a few incompetent and part-time agents were preventing the underwriter form reaching his rightful place as a professional advisor in the American economy. [xix]

Speaking before the American Life Convention at their annual meeting in November 1936, NALU president Alexander Patterson urged the members' support of the Agency Practices Agreement. "One of the main features of this agreement," he said, "is the elimination of part-time agents in urban centers…. Likewise, it provides for the cancellation of contracts of all unfit agents.

"I believe I can speak for the field," Patterson added, "when I applaud the action of the 57 companies that have voluntarily signed the Agreement." For agents, he said, the Agreement meant that everybody in town could no longer sell life insurance, because of the stipulation that two reputable citizens had to endorse an applicant and he must take a rather searching examination. He predicted the Agreement would bring more respect to the underwriter's profession.

For the time that it was allowed to exist, the agreement was effective. By 1940 over two-thirds of the total business in force and new business being written was subject to the conditions of the Agency Practices Agreement. [xx]

Patterson, agent for Penn Mutual in Chicago, had been elected during the Association's annual meeting at Boston's Statler Hotel in September 1936. It was a well-attended and exciting meeting. Inevitably, holding national conventions in Boston, site of the Associations founding, evokes reminiscences. Pointing out that it was Graham C. Wells' thirty-seventh convention, Wilfrid Jones, in predictably breathless prose, exclaimed, "The National Association is celebrating Old Home Week and at the same time its forty-even years ago, is no longer standing and even if it were it would be wholly inadequate to house the hundreds of guests who are attending this year's great convention."

That year women life underwriters began having a program at the NALU annual conventions. It was at the Boston meeting that a women's Quarter Million Dollar Round Table was formed. Corinne V. Loomis, associate general agent with the Paul Clark agency of the John Hancock at Boston, was its first chairman. The luncheon for all who had qualified for $250,000 production was attended by thirty-six ladies representing thirteen companies. In his report to the delegates, Schriver reviewed the development of these programs during his administration:

> Women underwriters, under the chairmanship of Sara Frances Jones of Chicago, are becoming recognized as an increasingly important factor, not only in our business but also in our Association. The women are realizing more and more what the association movement can do for them. Specifically, the full day's session for women underwriters, which will be inaugurated at this convention and the formation of the younger sister of the Million Dollar Round Table, the Quarter Million Dollar Round Table for Women, is indicative of what is developing along these lines. [xxi]

Concern about the delicate matter of ethical business practices led the leaders of the NALU to undertake a revision of the life underwriters' Code of Ethics. Barnes explains:

> Feeling that the Code of Ethics, as brought forth in 1918, needed revision in the light of modern methods of selling life insurance, a special committee placed before the 1936 convention two documents of national significance; a short form Code of Ethics, and a linger Declaration of Business Principles, both outlining the underwriter's responsibilities and duties. [xxii]

Two months after being elected, Patterson resigned as president of the NALU when the trustees of Penn Mutual elected him vice president of the company. Riehle agreed to serve as president until the next convention. "The Board unanimously offered the unexpired term of office to vice President O. Sam Cummings, who stated that for personal reasons he was not in a position at this time to accept the presidency and requested that someone else be elected to the position," *Life Association News* Reported. "The By-laws do not provide for the succession of the Vice President to the Presidency in the event of a vacancy between conventions, but for filling the vacancy through election by the board from its own membership." Explaining further, the editors stated:

> The Board felt it was important that someone should fill the gap thus created who was actively associated with the present administration and sufficiently familiar with the Association's affairs to assume the responsibility and carry on the policy and program which have definitely been established for this year. In this emergency, the board drafted past President Theodore M. Riehle. This left a vacancy on the Board of Trustees, which was filled by the unanimous election of Harry T. Wright of Chicago. Mr. Wright is a personal producer for the Equitable Life Assurance Society of the United States, a Past President of the Chicago Association of Life Underwriters and immediate Past Chairman of the Million Dollar Round Table conference at Boston. [xxiii]

"They did a very sensible thing," comments Benjamin N. Woodson, who at the time was employed at the home office of Mutual Trust Life at Chicago. "Ted Riehle had no political ambitions at all. He was a warm and gracious man who never stepped on anyone's toes." Patter's resignation created such a noticeable vacuum, Woodson explains, because he was one of the great personalities of the industry. "Alexander Patterson was so magnetic," he recalls. "He was a man of great ability who never failed to make a tremendous impression. He had an extraordinary gift for saying exactly the right thing. One of the industry's truly great leaders, Patterson was dynamic and spirited." Patterson's subsequent career only served to confirm the impressions he left with his colleagues at the NALU that here was a person of enormous leadership potential and considerable business acumen. As Woodson points out, "He helped build two great companies. Having played a big part in the success of the Penn Mutual, he went on to do the same for the Mutual Life of New York, which was near the very center of influence end prestige in the life insurance business at the time." [xxiv]

That the agents persevered in advancing programs for improving the field force and the business in general with

such enthusiasm and optimism is a tribute to their faith and stamina. At mid-decade the economy was still not improving as had been expected. New business for many companies fell in 1936 and again in 1938, though not as low as in 1933. "Despite all the efforts of the New Deal the depression persisted," Buley observes. "At the end of 1936 the United States, from the stand point of recovery, ranked at or near the bottom among the leading nations of the world; billions of dollars of idle capital were still awaiting profitable employment and about 10,000,000 persons were still unemployed." [xxv]

Social Security continued to be a subject of great interest during the year. The program of the 1937 convention in Denver focused on the subject; the consensus appeared to be that, since the national consciousness for security had been aroused, life insurance should utilize the trend and make it clear that the government's program at best could be but a partial fulfillment of the goal.

The delegates elected O. Sam Cummings, general agent for Kansas City Life at Dallas, Texas, president of the national organization. A meticulous parliamentarian, Cummings was the chief author of the NALU's revised and hotly-debated bylaws. He had been a protégé of Orville Thorp and enjoyed a well-deserved reputation as an industrious association worker. At a surprisingly young age, Cummings had been the national executive of Kiwanis International before he entered the insurance business. It was his executive ability at Kiwanis headquarters that brought him to the attention of Joseph Reynolds, an executive and chief stockholder of Kansas City Life. Reynolds recruited Cummings to manage a cluster of agencies in Texas, where his energy and talent had gratifying results. Barnes remembers him as one of the NALU's martinet presidents, insisting that everything be planned to the last detail. He as particularly conscientious about fulfilling all speaking engagements, and perhaps overextended himself in that regard, traveling over fifty thousand miles to hold conferences and address meetings in thirty-nine states and three Canadian provinces. "He was about five foot five in height, Napoleonic in temperament and outstanding in ability," says Woodson. "Cummings was a very dominating personality, but because of a certain gentility, he was less abrasive than Vivian Anderson. A real take-charge executive, he ran meetings with the pound of a gavel," he recalls.

In October 1937, a mass meeting of the unionized debit agents occasioned considerable comment in the industry press. Though not indifferent to the plight of these agents, the NALU generally remained aloof from labor union tactics among the field force. An editorial in the Association's magazine the following month reported the incident and registered the associated agents' disapproval:

> Last month, five thousand members of the industrial agents union held a mass meeting in the Manhattan Opera House in New York. According to reports of the meeting in the press, William B. Herlands, Chief Assistant to Special Racket Prosecutor Thomas E. Dewey, who was the principal speaker, said: "In the course of picketing and strikes, there may be violence—that is not a racket. This violence we recognize as rather inevitable." And previously, the report quotes L.W. Berney, general organizer for the agents as stating: "We are ready to go through whatever is necessary to bring the companies to grant us a contract on the basis of our demands."

The editor explained that the NALU, of course, was not opposed to collective bargaining, but emphasized "We *are* opposed to anything that may tend to lower the standards of life underwriting." As he pointed out, Cummings had given expression to the associated agents' view of agent company relations a month before in Chicago during his address to the American Life Convention:

> There is an intimacy of relation between life insurance agents and the companies which does not exist between independent contractors and the concerns with which they do business in any other field. That intimacy of relation should be strengthened rather than diminished. No forward movement among the field forces of American life insurance can ever reach a successful conclusion without the wholesome cooperation and the support of the companies. [xxvi]

On that occasion, Cummings had touched on other and related matters of concern to the associated agents as well. He noted the cooperation of companies through the years in efforts to train agents better and their more recent adoption of the Agency Practice Agreement. Among its implications for the agent, Cummings mentioned the question of compensation. "It seems to me," he said, "one of the most serious problems confronting us is assuring the *average* agent a decent living income, not only after he has gained some proficiency as a life underwriter, but from the time he enters our business." He concluded his address by advocating more recruiting among college students and interesting colleges in internships form prospective agents.

During the 1930s the NALU withdrew form the field of insurance publication, though it continued to function as a clearinghouse and distributor of insurance texts. By the end of the decade, however, even this activity had been dropped. As Barnes explains, "In 1938 the national officers felt that this function as well was being handled so completely by the insurance publishing houses that the Association's participation in this field was no longer necessary, and it withdrew completely in order to devote more time and effort to the many other activities that had

been established with the passage of the years." [xxvii]

The 1938 convention was held in Houston. The NALU's vice president, Holgar J. Johnson of Pittsburgh, became president. A vigorous man both mentally and physically whose interest in golf helped maintain his trim, athletic good looks, Johnson had been involved in the Association movement since the summer of 1922. It was then, immediately after graduating form the University of Pittsburgh, that he joined the Connecticut Mutual's Hemingway agency in Pittsburgh. Within six months Johnson was put in charge of agent recruiting and training. He performed somewhat of a miracle for the times by recruiting and training an agency composed almost entirely of college graduates. In four years, the agency went from 27th in production to Connecticut Mutual's third most productive agency. Impressed, company officials asked Johnson to come to Hartford to develop a program for teaching general agents better recruiting and training techniques. He devoted two years to traveling around the country, instructing and encouraging general agents in agency development. Since 1928, Johnson had headed the general agency in Pittsburgh for Penn Mutual.

The Association's vice president, Charles J. Zimmerman of Chicago, was in charge of all the arrangements for the convention. Opening ceremonies took place in the huge music hall of the Houston Coliseum on August 28. By this time, mass meetings such as the NALU's annual conventions, both in this country and abroad, had taken on many of the ceremonial trappings familiar at such gatherings today. This was partly due to technological developments and partly due to the influence of the element of spectacle featured in movies, operatic productions and other theatrical exhibitions and nightclub extravaganzas. Encouraged by recent advances in sound technology and lighting, producers of conventions dazzled audiences with an impressive use of loud-speakers and floodlights. It was at the Houston meeting that the NALU first exploited these new capabilities to any large degree. Describing the opening ceremonies, *Life Association News* rhapsodized, "Trumpets signalized the start of the festivities, the Stars and Stripes, the Canadian ensign, and the National Association emblem, were in turn spotlighted on the great stage, as the audience sang the National Anthem…Then the curtains parted and a huge map of the United States was revealed. As President Cummings called the name of each trustee he appeared through the map at the spot of his home city."

Though it might appear that the NALU conventions at this point were becoming somewhat unwieldy, as they tried to incorporate so many evens and accommodate the several agent organizations, they evidently suited the needs of the time. Clearly everyone enjoyed themselves immensely. Over 700 general agents and managers attended the meeting of the Managers' Section. "The Million Dollar Round Table," the reporter noted, "back from a relaxing weekend on the Gulf, convened at its annual breakfast and all day session, with dignitaries from throughout the state welcoming them to Texas, and the Women Underwriters' meeting was in full swing with an extended program of speakers, a clinic and a luncheon. The boards of directors of the National Chapter, C.L.U., and The American College also held conferences."

Events were brought to a conclusion with a mammoth Fellowship Luncheon o Friday, September 23, presided over by Neil Sills, NALU's president of 1912. The featured speaker was Assistant Secretary of War Louis A. Johnson who delivered a stirring address on "First Lines of Defense," drawing a parallel between the insuring of life by agents and the insuring of the nation's future democratic happiness by the defense forces.

That fall the release of an interesting study conducted by researcher Dr. Albert Gailord Hart of the University of Chicago confirmed the oft-repeated assertions of the life underwriters that the life insurance industry had survived the depression in good health. "Life insurance companies were disturbed less by the depression than any other major type of private credit institution," reported *The New York Times* on October 3, 1938. Quoting the three-year study, the article stated:

> Of all the major classes of private credit institutions, life insurance companies, the second largest group, were least disturbed by the depression, in spite of an increase in policy loans in the worst period, their growth was checked somewhat at that time, but never was there a serious shrinkage. Even though unemployment and bad business reduced the flow of savings, the reputation of the insurance companies for solidity attracted investors.

Earlier that summer, Senator Robert A. Taft, in an address before the Ohio Association of Life Underwriters, had observed:

> In my opinion there has never been a time in our history when life insurance is playing a more important in the economic welfare of the nation and the economic welfare of the individual. In a time when most people are leaning on the government, it is based more than any other institution on the virtues of individual thrift and industry and interprets those virtues in a happy old age, into education for one's children, and into a provision for one's family after death. [xxviii]

Though justly proud of having survived the depression thus far, the prudent and more far-sighted leaders in the business were not resting on their laurels. When he addressed the members of the American Life Convention a few weeks after his election, Johnson reiterated the NALU's commitment to improve the sales technique and the educational background of agents. Advocating more stringent requirements for those entering the business, he also asked that company advertising be directed more toward building the prestige of the agent. "It is my belief," he said, "that the agent in the field is the most important instrument of goodwill in our business"

Johnson's commitment to developing better public relations for the life insurance business was by now an industry commonplace. "I made 110 speeches the year I was president," he commented years later, "emphasizing that the only way the public knew about a life insurance company was through the agent. The agent is the real public relations officer of a life insurance company."

Enlightened home office executives, as well as a progressive-minded agents, shared Johnson's belief that the time had come for a specific, ongoing program of institutional advertising for the life insurance industry. Early in 1938 the NALU had passed the "Richmond Resolution" which represented a culmination of the study and thinking of Association leaders along public relations lines. Spearheaded by Cummings, Johnson, and Riehle, the idea readily won the endorsement of the other officers. In proposing the plan, Cummings said:

> What I have reference to is some central agency—established either in some existing organization maintained with company membership and financial support, or, if necessary, a new agency financed by the companies. Such an agency would not only prepare and release information to newspapers and periodicals, but might well provide speakers representing the institution of legal reserve life insurance to appear before various organizations throughout the country. [xxix]

The proposal was endorsed by the NALU's National Council (i.e., the officers and representatives of local associations) at their midyear meeting on March 12 in Richmond, Virginia. The resolution stated:

> BE IT RESOLVED, that the members of the Board of Trustees of the National Association of Life Underwriters express to the Presidents of all Legal Reserve Life Insurance Companies in the United States, their considered belief that, in line with the obligation to policy owners, there is a vital need for some Public Relations agency, operating throughout the year, made effective by the Companies, for the purpose of bringing to the public generally a more complete understanding of the fundamental social and economic, human and moral services rendered by the institution of legal reserve life insurance and its agency forces, to the nation.
>
> BE IT FURTHER RESOLVED, that this Board pledges its fullest cooperation in any such undertaking, and
>
> BE IT FURTHER RESOLVED, that a copy of this resolution be sent to the Presidents of all such companies.

This seemed to provide the final stimulus needed for the industry to take definite action. Thereafter, and continuously up to the beginning of 1939, there was widespread discussion activity in all branches of the life insurance business. The Association of Life Insurance Presidents and the American Life Convention set up a joint committee headed by Frazer B. Wilde, president of Connecticut General Life, to come up with an organizational plan for a nonpartisan, industry-wide public relations arm. As a result in January 1939, the Institute of Life Insurance was established, with office to be located in New York City. Originally seventy-six companies committed themselves, putting up $298,00 for the initial operating budget. Twenty years later there were 167 member companies contributing $1,645,000 per year. Appropriately, Johnson became the Institute's first president. He took the job as a two-year assignment and stayed for twenty-two years. As he explained later, when Frazer's committee was formulating its organizational plans, Johnson was called in several times for consultation, *in his capacity as the president of the NALU*. "I had no idea, nor I think had they, that I would be the man tapped to take on the job heading the Institute," he commented later. [xxx]

The NALU during this period was often looked upon as a mediator—or at leas as an organization that might have influence with the companies. Since the mid-1920, when life insurance agents who sold to wealthier clients began working extensively with trust officers at banks, a close understanding had developed between many bankers and agents eager to help patrons plan their estates. Occasionally prominent, progressive-minded bankers and trust officers had addressed local life underwriters' associations—and conventions of the NALU as well—on the role of life insurance in developing trust funds. "When I was NALU president," Johnson recalls, "I remember having a very important meeting with the officers of the trust companies because many of the life insurance companies were beginning to issue what were really trust agreements. Some of the lawyers and the trust officers were concerned that these companies were taking business away from them. They asked us to approach the companies to insist that

trust agreements be drawn up by banks or lawyers—not by companies. This is illustrative of the kind of role the NALU was playing in the decade before World War II," he concluded." [xxxi]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[vii] Barnes, Op., cit., p.42.

[viii] Cf. Op.cit., February 1932, pp 504-505.

[ix] Barnes: Op. Cit. Pp42-43.

[x] Johnson: Interview, May 1985.

[xi] Fluegelman: Interview, Anaheim, California, September 11, 1985.

[xii] Op. Cit., pp. 999.

[xiii] LAN, October 1933, p. 103.

[xiv] Ibid., p. 98.

[xv] LAN, October 1934, p.84.

[xvi] Ibid., p. 192.

[xvii] Op. Cit. P. 400.

[xviii] Buley: Op. Cit p. 1095.

[xix] Barnes: Op. Cit. P. 45.

[xx] Ibid., p. 45.

[xxi] Cf. Proceedings, 1936, p. 236.

[xxii] Op. Cit., p. 48.

[xxiii] Op. Cit., December, 1936, p. 347.

[xxiv] Woodson: Interview, Houston, Texas, July 26, 1985.

[xxv] Buley: Op. Cit., Vol. II p. 1087.

[xxvi] Op. Cit., p. 259.

[xxvii] Op. Cit., p. 48.

[xxviii] LAN, January 1939, p. 428.

[xxix] LAN, April 1938, p. 710.

[xxx] Holgar J. Johnson and Croswell Bowen, Speaking With One Voice, Appleton-Centruy-Crofts New York, 1967, p.2.

[xxxi] Johnson: Interview, May 1985.

Voices from the Field

The NALU Celebrates Its 50th Anniversary

Along with the celebrations occurring at its fiftieth annual convention at the Jefferson Hotel in St. Louis, September 25-29, 1939, the NALU published an elegantly bound, lucid summary of the history of the Association. This slender, fifty-page volume was written by Donald F. Barnes, a young and talented member of the staff who later became associated with Institute of Life Insurance and who became a widely-read columnist in the insurance press. A graduate of Bowdoin College, Barnes had been hired as editorial assistant to Jones in 1936. The following year he was named associate editor of *Life Association News*. Until Dr. Proschansky's study on the first forty years of the history of the NALU, Barnes' book remained the only work on the origin and development of the organization.

The chairmanship of the Fiftieth Anniversary Committee was John Newton Russell's last official position in the NALU. Working directly under Russell was Convention Committee chairman Ralph Engelsman, widely admired for his brilliant record as head of Penn Mutual's New York City agency and always a popular speaker at agent gatherings. He enthusiastically undertook responsibility for seeing that the National Association of Life Underwriters celebrated its 50th convention with the desired mixture of festivity and ceremony.

Attendance was a record-breaker with 2,197 registered. "The entire tenor of the convention was signalized at the opening meeting on Wednesday morning, "*Life Association News* reported, "when the great ballroom of the Jefferson was jammed to the doors with every seat occupied, standees lining the corridors, and the talks 'piped' by microphone to several other meeting rooms crowded with the overflow."

With its patriotic overtones, the NALU's 50th convention reflected the mood of the times. This was the age of Hitler, Stalin and Mussolini. It should come as no surprise that business meetings in the late thirties often centered on themes of personal freedom and national pride. One distinguished guest speaker from outside the industry who focused on American ideals was Ruth Bryan Owen Rohde, daughter of William Jennings Bryan, former congresswoman for Florida and Envoy Extraordinary and Minister Plenipotentiary to Denmark. "Through such institutions as yours," she assured the agents, "the American people are not only showing that a pure form of democracy can move smoothly and efficiently, but they have gone a long way in the vitally important appreciation of the real qualities of a functioning democracy."

Paul C. Sanborn of Boston who was chairman of the Million Dollar Round Table that year arranged for FDR's son, Elliott Roosevelt, to be one of the guest speakers at the Round Table's luncheon. Roosevelt focused on the agent's responsibility to give sound advice. The agent, he said, must not let his enthusiasm to make a sale influence him to induce people to purchase insurance indiscriminately. He warned that it was just this sort of behavior on the part of unscrupulous agents that had done so much harm to the agent's image.

The NALU's 50th convention was the occasion of the thirteenth commencement exercise of the American College of Life Underwriters. One hundred thirty-two underwriters received the C.L.U. designation that year. John Marshall Holcombe, Jr., manager of the Life Insurance Sales Research Bureau, delivered the conferment address; Myrick, as chairman of the College's Board, presided. Huebner, unfortunately, was ill and had to remain in Philadelphia. Dr. David McCahan, dean of the College, conferred the diplomas.

An interesting exercise for the occasion was the creation of a 1930's version of a time capsule in the form of typewritten letters left in gold envelopes for future generations. Some of the industry's most eminent figures were asked to write their vision of what the life insurance business would be like and where the Association would be fifty years later. Their predictions show imagination and an astute sense of where the business was headed. They miscalculated to some extent, however, in two areas: the ability of the government to dominate the industry and regulate society; and the development of a more international outlook on the part of the industry and regulate society; and the development of a more international outlook on the part of the industry and the associated agents.

Helen Summy, Equitable agent in S. Joseph, Missouri, and chairman of the Quarter Million Dollar Round Table, wrote:

> The next fifty years should find fewer Life Insurance Companies but these will all be strong and possibly under Federal instead of State supervision. The underwriter will occupy a recognized place

> among the professional men and women of his community. He will be licensed to practice his profession only after obtaining a degree and meeting strict examination requirements. Wealth will have a greater distribution, so there should be a much wider field of purchasing power—probably not such large policies will be sold as there are today, but the average policy should be larger.

Myrick predicted that, owing to higher standards for hiring and training, agents everywhere would command the respect that is generally given to those in the learned professions. John Marshall Holcombe, Jr., referring to the scientific advances predicted in the displays at the New York World's Fair that year, hoped that man had learned to live in peace and eliminate poverty by 1990. George Lackey wrote, "You, the life underwriters of 1989, will no doubt have attended the life insurance section of a college or university to qualify yourselves for this scientific work, as the doctor, lawyer engineer and others are doing in 1939. The public whom you serve will also have received a fundamental education in life insurance through compulsory courses in all the school systems of the nation."

Zimmerman's "Centennial greetings to the NALU" included the observation, "The 1989 Life Underwriter will still find the problem of self organization and self-discipline a vital one. Planning your work and working your plan will be a timely topic of discussion." Zimmerman also thought that the greatest volume of business fifty years later would be written on the salary savings basis. "The group principal of underwriting involving a non rejection basis will be used," He added. "Premiums will be on a sliding scale basis, increasing in ration to increased earnings."

"It is difficult to look into the future, and no doubt, much of what we say here seriously, will seem almost ridiculous to you in 1989," Englesman wrote. "Nevertheless we are courageously attempting to give you our individual prognostications of your insurance world." Summing up his predictions, Engelsman stated, "I think the 100th Convention will be held in Boston, where the original Convention was held, because the sentiments of men will always be the same—and it will be a natural thing to hold the Convention there. I think that some time before this 100th Convention, however, (because of the reduction of distances through planes) some conventions will have been held in European Cities.

"It is possible that by 1989 life insurance may have either complete or partial State or Federal control, and that it will be compulsory for everyone to own some life insurance.

"By and large, I don't think the world will have changed very much from our time. I think that nations will still misunderstand one another—that we may still, as in 1939, be on the brink of some war or unfortunate misunderstanding. But—I think that the American of 1989 will still guard his liberty as his one priceless possession, and conscientiously still be striving to make these United States a better place for the average man."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

The Agents Earn Their Wings

"The institution of life insurance exists only because it performs a useful and necessary service to the public. Government exists for exactly the same reason. The institution of life insurance is the servant of the public. So is a democratic form of government. The institution of life insurance is the servant of the public. So is a democratic form of government. The institution of life insurance has exercised the highest sense of trusteeship in discharging its obligations in the public. We have the right to expect this same sense of trusteeship from our government."

–Charles J. Zimmerman, CLU

CHARLES J. ZIMMERMAN, general agent for Connecticut Mutual Chicago, was chosen president for the NALU's golden anniversary year. Slender, still a bachelor, already at thirty-seven he had lost most of his hair. He was one of the youngest, and certainly one of the most able men ever elected to that office. Born in New York City on January 9, 1902, Zimmerman received his B.S. from Dartmouth College in 1923. He first became involved in life insurance the following year after taking his M.B.A. at the Amos Tuck School of Business Administration when he accepted the job of executive manager for the New York Life Underwriters Association. Two years later he joined the Connecticut Mutual as an agent in New York City. In 1928 he took over a new branch office in Bridgeport, Connecticut, and on the basis of his excellent management record there was appointed general agent in Newark, New Jersey, in 1931. That same year he received his CLU designation. *Forbes* magazine named him one of "America's Outstanding Salesmen" in 1935. In 1937 he transferred to Chicago as general agent where her further enhanced his remarkable reputation as a agency builder. An ardent association worker, he had served on numerous committees and filled practically every office in the National Association. At the time he was elected president his was Connecticut Mutual's second largest agency. Composed of twenty-one agents, it produced in excess of $5 million that year.

Few have occupied such a central position in the various branches of the life insurance business as Charles Zimmerman. In the years following his presidency of the National Association, Zimmerman kept up his keen interest in the progress of the organization, rarely missing an annual meeting. He was named a trustee of the American College of Life Underwriters in 1941, and served as Chairman of the Board of 1968 to 1969. During World War II he served in the Navy, rising to the rank of captain and served as coordinator or savings bonds for the Navy, Coast Guard and the Marine Corps. Having married Opal Marie Smith, daughter of an Oklahoma newspaper publisher, immediately after returning to civilian life, Zimmerman joined the Life Insurance Agency Management Association (LIAMA, now the Life Insurance Marketing and Research Association) as director of institutional relations and was elected managing director in 1951. On July 1, 1956, he became president of Connecticut Mutual Life. He retired as chairman of the company Board of Directors in 1968. Always a loyal and active alumnus, Zimmerman was a trustee of Dartmouth for many years and developed a reputation as one of his Alma Mater's most effective fundraisers, as well as a generous benefactor.

"Charlie Zimmerman is a wonderfully personable man," says Holgar Johnson. "He's not contriving at all buy very forthright and honest in all his dealings. He is extremely likeable and makes friends easily. Naturally modest and unassuming, as a business ma, he is very cagy, able and quite. Charlie doesn't pop off; he speaks when he's got something to say, and is an exceptionally good speaker. He was always very active in the educational end of the business. A very dedicated kind of guy, whatever he undertook he did well. He and his wife made a great team. As hosts, they displayed a remarkable talent for entertaining in a way that brought people together making everyone feel welcome and at ease.[i]

Inevitably, someone of Zimmerman's quiet charm and varied experiences developed a wide circle of loyal friends. In spite of himself, he became an incorrigible networker. More than once his habit of bumping into old friends smoothed the way, not only in his career, but in his efforts on behalf of the NALU as well. As chairman of the NALU's Committee on Federal Law and Legislation, he testified before the House Ways and Means Committee when Congress was considering the Revenue Bill of 1942. Like most representatives of the industry, he didn't feel at all the confident about how he would fare on Capitol Hill. But he remembered a fellow alumnus form Dartmouth, and a telephone call opened the necessary door, putting the case for life insurance in a much more favorable light. Recalling the incident, Zimmerman explains:

> We were trying to protect the so-called $40,000 exclusion. Traditionally, income in the form of a life

> insurance payment up to $40,000 was not subject to taxation. The Senate Finance Committee, in an effort to generate more revenue, was trying to eliminate that exemption. The situation was not all encouraging, until I remembered that one of the members of the committee was the father of an old classmate of mine. He arranged for us to meet. When I went to see the congressman, we talked mostly about his son and our years at Dartmouth. Then I mentioned my interest in the upcoming bill. Without the slightest hesitation, he said, "I'll vote to keep the exclusion."[ii]

The years 1939 and 1940 were not kind to the life insurance business. The Institute of Life Insurance should hardly have been founded at a more auspicious time. The entire industry was under the gun and needed favorable publicity more than at any time since the Armstrong investigation. Early in 1939, the industry came under the scrutiny of twelve-member Temporary National Economic Committee (TNEC) which had been appointed by President Roosevelt the previous year. Unlike the Armstrong Committee, which focused on company officials, the TNEC would near from the agents as well. Popularly known as the "Monopoly Committee," it was created by a joint resolution of Congress and charged with looking into "the concentration of economic power in, and financial control over, production and distribution of goods and service." The committee was composed of three senators, three representatives and six administrative officials, representing the departments of the Treasury, Justice, Labor, and Commerce, the Securities and Exchange Commission (SEC) and the Federal Trade Commission. Chairman of the group was Senator Joseph C. O'Mahoney of Wyoming. Executive Secretary of the committee was Leon Henderson of the SEC who let it be known had been the chief cause of the "recession" of 1937. Counsel for the committee was twenty-nine-year-old Gerhard A. Gesell, special counsel, insurance section, Securities and Exchange Commission.

Apparently, the search for a scapegoat to bear the blame for the business recession which had begun in the latter half of 1937 did have a lot to do with the institution of this committee. Discussing the motives behind its creation, Buley says:

> Although there were those in the Administration who believed that the program of social economic and political reform had been pretty well accomplished and that the time had come to balance the budget, remove legislative blocks, and go easy on policies which would further antagonize business and destroy the confidence of investors, they were in a minority. Closer to the ear of the President was a well-integrated group of young economists and lawyers, who believed that the economy of the United States had reached a state of maturity, that no longer would private enterprise offer sufficient investment of opportunities for he savings of the people, and that only the government was capable of running the economy. They believed that taxes should be used not primarily for revenue but as a means of economic and social control; that the government, through spending and lending an punitive taxation, could bring business into line and to redistribute the national income.
>
> …Most of them had received their training in law schools or departments of economics dominated by advocates of the new theories; few had any business experience or had earned any money other than by way of university or government payrolls
>
> …Though they differed with each other on details and emphasis, they were in general agreement on the idea that business was to blame for the depression and that big government was a solution to the nation's ills.[iii]

What put the life companies in the hot seat, it seems, was Roosevelt himself who singled out for special study "the tremendous investment funds controlled by our great insurance companies." Hearings began in December 1938 and lasted until March 1940. The first session on life insurance was held on February 6, 1939. Like the Armstrong investigation three decades before, the TNEC received the full attention of the press.

One criticism leveled at the life insurance industry was that companies were not interested in investing money for "growth and development." It was charged the companies put their money mostly in bonds and securities, presumably hidden away in safe deposit boxes, where it was "doing no good." Of course, the companies were not gambling the policyholders' money in the equity market. Under the laws governing company solvency, such investments weren't permitted. (The problem of life insurance companies heavily investing in and favoring speculative ventures, it will be recalled, was a major point scored by Charles Evans Hughes in 1905.) That insurance companies charged too much for the protection and services rendered was the unspoken, underlying premise inspiring much of the investigation. Reminiscent of 1905 were the frequent questions relating to home office efficiency and distribution costs, always with the implication that the agency system of marketing life insurance was inefficient, expense and unnecessarily aggressive. Another criticism stemmed from the fact that most companies were still using the somewhat dated "American experience Table of Mortality, compiled in 1868 and based on longevity figures covering the period 1843 to 1858. Actually, the industry was studiously engaged in developing new formulae for determining the cost of insurance. However, in the days before computers, compiling and interpreting data for mortality tables was a slow and laborious process.

In the summer of 1939 the NALU had formed a committee to monitor the situation in Washington. Besides NALU president Holgar Johnson, this Special Advisory committee was composed of Charles Zimmerman, Vivian Anderson, Julian Myrick and Harry Wright. Aware of the growing concern among the agents, Johnson made the TNEC the subject of his address to the annual meeting of the Philadelphia Association, and in August published "A Statement to the Membership of the National Association Regarding the TNEC Study" in *Life Association News*. Among other concerns, Johnson took up their question of the future of the agency force:

> One burning question that some have asked me is this: "In view of the testimony that has been sought by the committee, is an attempt being made to prove a case to eliminate the service of the agent in the future distribution of life insurance?"
>
> In answering this question I can do no better than quote from the recorded transcript of June 12 when Mr. Davenport, the insurance specialist on the staff of the S.E.C., said, "There is a possibility that a different marketing mechanism, a different method of distributing industrial life insurance, that would be much less expensive than the present method could be devised, etc., etc."[iv]

Johnson said later that he felt it was Senator O'Mahoney who, during the course of the investigation, helped the life insurance industry most. "We needed a friend," he said, "because there were some of what we called the 'cellar boys' of the government who had their knives out ready to get the life insurance business and they were going to get us one way or another—on one basis or another."[v]

Buley comments, "Though the outbreak of war in Europe in September 1939 pushed the activities of the Temporary National Economic Committee by this time that the committee was hostile to state supervision of insurance. Holgar Johnson, president of the National Association of Life Underwriters, said that the committee was preparing the was for federal supervision and direct sale of insurance to the public by the government."[vi]

In reference to the TNEC, Zimmerman told the members of the American Life Convention in November that originally the purpose of the study was to examine whether the vast investment powers of insurance companies were being applied to the best interests of the policyholders and the general public. He pointed out, however, that the study was now dealing more with the distribution method of life insurance—specifically with the functions of the agents. Making the NALU's position clear, he said, "We are firmly of the belief that self-examination and self regulation has been and will continue to be the soundest procedure. We are firmly of the belief that supervision by the various states has been and will continue to be the most effective supervision. We are firmly of the belief that the government is best with is closest to those whom it governs. We are firmly of the belief that private enterprise is the cardinal tenet of democracy."[vii]

Sumner T. Pike, representing the Department of Commerce, presided on the morning of February 27, 1940, when the committee met in the Old Caucus Room of the Senate Office Building to hear the testimony of Charles J. Zimmerman, president of the National Association of Life Underwriters. It was the first time in its fifty-year history that the NALU received front page national attention. To the dismay of some members of the Administration, and the delight of the life insurance community, Zimmerman acquitted himself brilliantly. Shining through all his testimony was the image of the agent as concerned, responsible advisor, far removed from the quick sales artist of popular myth.

Gesell began by questioning him about the nature of his work and the kind of organization he represented. Explaining that the objects of the Association were primarily to advance public understanding of the business and improve the quality of the field force, Zimmerman quoted Article II of the NALU's constitution and bylaws and asked that this document and a booklet entitled, "Purposes of the National Association of Life Underwriters" be placed in evidence as exhibits. Throughout the morning, Zimmerman answered questions about membership and the operations of local life underwriters associations, federal inheritance taxes, the agents' role in adjusting insurance coverage, the relative merits of the various types of policies offered, how agents assisted in the liquidation of claims, the causes of agency turnover, the agent's prestige and public image, professionalism and the training level of agents, qualifications and licensing standards, and the salaries and commissions of soliciting agents, as well as the compensation of general agents. The afternoon was taken up with hearing the testimony of four insurance men with offices in the District of Columbia: Dennison David Lambert, a soliciting agent for the Travelers; insurance broker Lawrence Crawford; James Maloney, agent for Fidelity Life, and Thomas Crowley, general agent for Penn Mutual.

Many insurance executives who had previously come under the scrutinizing interrogations of Gesell found him offensive, and he was regarded as generally hostile to the insurance business. Zimmerman's experience was just the opposite. (Reading the testimony, it is hard to avoid the impression that Gesell fully sympathizes with Zimmerman's perspective, and even defers to him at moments.) Recalling years later how he came to find himself on the witness stand Zimmerman said, "There was a combination of lucky strokes. First of all, I had attended a

number of the sessions, so I had a feel for what was going on. I began to realize that the investigating committee was playing off one company against the other (making the big Metropolitan the 'bad guy', for instance, and the lesser Prudential the 'good guy') I also saw that a witness who was inflexible and defensive was going to have a rough time. My third lucky break came in the person of Gerhard Gesell, the young attorney conducting the hearings."

Zimmerman explains that during a break at one of the sessions he and Gesell (through a casual conversation about the merits of Connecticut Mutual) became acquainted. They took an instant liking to one another. It was Gesell's idea to put Zimmerman on the stand to present the industry's point of view from the agent's perspective. Later, at a luncheon with Holgar Johnson who was by then head of the Institute of Life Insurance, the three discussed the line of questioning Gesell intended to pursue. Henderson also joined but when he and Johnson exchanged remarks about the outdated mortality tables, Henderson lost his temper and abruptly left.

As he warned Gesell that he would, Zimmerman dodged all questions relating to weekly premium (industrial) insurance on the grounds that he had never sold it and new nothing of that aspect of the business. "When they began to bore in on compensation," Zimmerman recalls, "I did say that I thought it a disgrace that life insurance companies which were in the forefront of selling pension plans had no retirement plans for their own field representatives. I also expressed the feeling that all companies should have service fees, as did the Acacia—the only company offering that at the time. The committee liked hearing comments like that coming from a representative of the business. Consequently, I helped diffuse some of the hostility that had developed during the course of the hearings."[viii] Undoubtedly, Zimmerman's unpretentious honesty was a chief factor in gaining credibility with the Commission. On the matter of the large turnover of agents, for instance, Zimmerman made no effort to gloss over the unpleasant truth:

> Gesell—"Are we right in considering that one of the problems which is facing the agency side of the business?"
>
> Zimmerman—"Yes. It is a serous problem."
>
> Gesell—"What are the causes of it, Mr. Zimmerman?"
>
> Zimmerman—"Well, there are many causes of turnover which apply, I should say, equally to all sales organizations. I speak now of the life insurance business because it is the only one with which I am familiar as regards sales. One cause of turnover undoubtedly is the lack of fitness for the business itself."
>
> Gesell—"Do you mean a man was poorly selected originally?"
>
> Zimmerman—"That is right. Another cause of turnover would be lack of earnings, proper earnings, which, of course, gets back to lack of fitness in many cases. In some instances, however, it gets back to the fact that the individual dislikes the business so he won't do the job adequately. He doesn't hit the ball hard enough."
>
> Gesell—"Inability to make a living?"
>
> Zimmerman—"Right. In some instances it gets back to the fact that the individual himself is perhaps tempermentally unsuited for sales work. He has never tried it before, and thinks he would like it and we think he would like it, but as he gets into it, we find out he doesn't like it, and is not fitted for it…."
>
> Gesell—"Most of it gets back to the selection and the ability of the man to fit himself in the business?"
>
> Zimmerman—"That is right. The life insurance business is not an easy sales business. As I have said, in developing the things that the agent does, it requires, I think, a high degree of—oh, perhaps not only salesmanship—but I think, a higher degree of trusteeship in many senses than in other lines of business. It requires a greater degree of imagination because we are selling an intangible. So it is not an easy business…."

Concluding his testimony, Zimmerman told the committee, "The institution of life insurance exists only because it performs a useful and necessary service to the public. Government existed for exactly the same reason. The institution of life insurance is the servant of the public. So is a democratic form of government. The institution of life insurance has exercised the highest sense of trusteeship in discharging its obligations to the public. We have the right to expect this same sense of trusteeship from our governmnt."[ix]

If the Administration's motive in setting up the TNEC was to discredit the life insurance business enough to develop a case for federal regulation, or eventual nationalization of life insurance, the committee failed in its task. For one thing, the hearings were protracted so long the public lost interest. The tedious proceedings at work in the Old Caucus Room of the Senate Office Building distinctly lacked dramatic impact in the face of the calamitous events taking place in Europe and elsewhere. Despite Henderson's crusading enthusiasm and the SEC's efforts to browbeat witnesses, along with distorted reports and innuendo on the part of pro-New Deal journalists such as syndicated columnist Drew Pearson, America's life insurance industry remained in private hands and subject to state supervision. As Buley notes:

> The last challenge, that relating to the stewardship of funds held by life insurance companies—the original assignment given to the SEC and to which it finally got around in 1940—resulted in overwhelming evidence that the investments of the companies ere safe and well-handled. The faith of the people in legal reserve life insurance was unshaken by the probes. In 1939 they bought abut $12,600,000,000 of new life insurance, and in 1941 about $13,000,000,000. They believed that the life insurance companies managed by men who in general got and held their jobs on merit, were better risks than elected political officers and administrative theorists who might come and go at the whim of the electorate. Few would disagree with Senator O'Mahoney's statement made in June 1941, that the life insurance business should devote its expert knowledge and intelligence to the of making it possible for the men and women to preserve individual economic independence.[x]

In May 1956, responding to a request for a summary of Zimmerman's activities during his year in office, Pugh Moore, NALU's director of public relations, after listing his lengthy itinerary, told the former NALU president:

> As president you also addressed the Life Advertisers Association at the Statler in Detroit, the American Life Convention and the Life Presidents Association, and as you know, you stopped the TNEC investigation practically dead in its tracks….In speaking to the A.L.C. you remarked that you represented 27,000 members. That was at the outset of your presidency. You will be interested to know that at the end of your presidential year the membership had increased to 32,500, or by approximately one-fifth.
>
> Here is an interesting excerpt from your presidential report at the 1940 annual convention:
>
> "Your president has traveled over 65,000 miles, visited more than 80 state and local association in 45 states, made over three hundred talks to insurance clubs and to the public."

In preparation for the upcoming convention in Philadelphia, Zimmerman early in 1940 asked James E. Rutherford to head the special "On to Philadelphia" Committee. (General agent for the Penn Mutual Life at Des Moines, when Madden resigned to become an executive with the Iowa Fiber Box company.) Rutherford and his committee had the satisfaction of seeing over 2,000 register at Philadelphia's Bellevue-Stratford that September.

A major event of this convention was the testimonial dinner honoring Solomon Huebner's thirty-five-year career in life insurance education. Thomas I. Parkinson, president of the Equitable, announced the establishment of the S.S. Huebner Foundation, a $125,00 scholarship fund raised by the insurance companies.[*] the NALU presented Huebner with an elaborate silver service and an after-dinner set of Spode china. Praising Huebner for his contributions to the development of business philosophy, Zimmerman said, "Through his unselfish devotion to the cause of life insurance over many years, he has commanded not only the respect but the sincere affection of the insurance field forces of this nation."

Among the eighteen past NALU presidents in attendance were a number of Huebner's old friends from the early 1900s. These included John Dolph, Charles Scovel, Earnest Clark and John Newton Russell. It was to be Russell's last convention. He died on January 19, 1941.

Most excitement centered on the guest speaker scheduled for the final luncheon, General Hugh S. "Ironpants" Johnson. Johnson was a controversial and popular figure nationally. He had served as chief administrator of the ill-fated National Recovery Administration (NRA) during its early days had been asked to resign after a period of strained relations with Roosevelt. Thereafter, he was an outspoken critic of the Administration. Not surprisingly, he was a favorite among conservative businessmen who felt that Roosevelt's policies were "ruining the country." The delegates looked forward to hearing the general's broadsides against the government and its policies, but Zimmerman and his staff suffered some moments of uneasiness, as Zimmerman relates:

> General Johnson, accompanied by a pretty young lady—who I believe was named Goldie—checked in at the hotel at about 9:30 that morning. When I visited them in their suite shortly afterwards, they

> immediately requested a bottle of scotch, which I had sent up. As time for the luncheon approached I began wondering if the general would be in any condition to deliver any kind of speech at all.
>
> The great ballroom of the hotel (including two tiers of balconies) was jammed with expectant conventioneers. Johnson arrived in excellent spirits and proceeded to deliver a rousing speech, replete with scathing criticisms of the government. The audience loved it and gave the general an extended standing ovation.[xi]

The nation's destiny was very much on everyone's mind in those days. More and more, events abroad were affecting political and domestic life in America. The war raging in Europe disrupted the life insurance business and commerce generally. The NALU's international efforts were also curtailed. When a Czehoslovakian, who had been receiving *Life Association News* since 1934, wrote explaining that he was no longer allowed to send money abroad, the editors announced:

> Our Prague subscriber will continue to get his *News*, as the editors hope with him that "this period will soon change." Also continuing on the mailing list is the Suomi-Yhtio, Lonnrotinkatu 5, Helsinki, Finland. Other foreign subscribers who receive their copies through the censorship of a nation in or near war include two or more in Australia, England, France, Scotland, Holland, China, New Zealand, Japan, Norway and Sweden.
>
> Life insurance representatives in over 30 foreign countries are included on the *Life Association News* mailing list.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] The idea of a scholarship fund, incidentally, had come from Holgar Johnson, president of the Institution of Life Insurance. Originally, a library had been proposed but during the planning session Johnson turned to Parkinson and said, "We need teachers and scholars in the insurance business. That would be a true living monument to Huebner's work." Parkinson agreed and easily convinced the other company presidents on the committee to fund teaching fellowships rather than a library

[i] Johnson: Interview, May 1985

[ii]Zimmerman: Interview, June 1985

[iii]R. Carlyle Buley, the American Life Convention, 1906-1952: A Study in the History of Life Insurance, Appleton-Century-Crofts, New York, 1953, p. 839.

[iv] Op.cit., August 1939, p. 995.

[v] Johnson: Interview, May 1985.

[vi]Op. Cit., p. 846

[vii] LAN, December 1939, p. 376

[viii] Zimmerman: Interview, June 1985.

[ix] Verbatim Record of the Proceedngs of the Temporary National Economic committee, Vol. XII, No. 6, Washington, D. C. February 28, 1940, pp. 152ff

[x] Op. Cit., p. 863

[xi] Zimmerman: Interview June 1985.

Voices from the Field

World War II

To anyone attuned to the global situation, there was no doubt the United States was bracing itself for war. Hitler had invaded Poland in September 1939. Within days Britain and its allies had declared war on the Third Reich, and once again a good percentage of the wold's population was involved in deadly combat. It looked like 1914 all over again. Yet there were differences. "Unlike President Wilson in 1914," Buley points out, "President Roosevelt in his proclamation of neutrality did not ask the people of the United States to remain neutral in thought as well as in deed. With American opinion far more united against the Axis powers than it had been at the beginning of World War I it was apparent from the beginning that the United States would not be neutral in thought or probably even in deed."[xiii]

In September 1940 Congress passed the first peacetime draft act of our history (the Burke-Wadsworth Act.) Shortly before the enactment of the draft act the second Revenue Act of 1940 was amended in conference committee to include provision for National Service Life Insurance (NSLI). This entirely separate system. It made all persons who served in the armed forces after October 8, 1940, eligible to purchase policies from a minimum of $1,000 to a maximum of $10,000 face value. The government would bear the waiver costs resulting from the extra hazards of war. Buley explains the reaction of the insurance industry to such solicitude on the that the National Service Life Insurance was enacted without consulting the life insurance companies, it was accepted by them with little discussion or criticism. This was in striking contrast to the reception given the War Risk Life Insurance of World War I. Life insurance men no doubt had in mind the terrific lapses which took place among the policies issued in World War I and correctly assumed that the situation would be no different this time.

> Also in October 1940 was enacted the Soldiers and Sailors Civil Relief Act, which in its insurance provisions was almost identical with the law of 1918. A person in service might apply to the Veterans Administration for relief of payment of premiums on his life insurance held with private companies to the amount of $5,000 face value; the Veterans Administration would take care of these premiums by means of certificates to the insurer. If within a year after leaving military service the policyholder did not meet his premium payments, the policy or policies would lapse and the cash surrender value be used to meet the amounts advanced by the government. There was a general feeling…that there would be a high persistence rate.[xiv]

In 1940 there were 444 companies in the United States with a total of $117,794 billion life insurance in force. Payments to life insurance beneficiaries amounted to $995 million. There were 364 active life underwriters' associations, with a membership totaling 32,458.

Harry T. Wright, associate agency manager for the Equitable in Chicago, succeeded Zimmerman as president of the NALU. Zimmerman recalls that John Witherspoon, who was from Nashville, tried to interfere and have himself put into the office of NALU president, arguing that since Zimmerman resided in Chicago, it was against the tradition of "a geographical spread" to have two successive presidents form the same city. Paul Sanborn, who always took an active interest n NALU politics, intervened, however, and with his usual diplomatic smoothness made certain that his friend Wright was not excluded form the list of nominees.

Called the NALU's fieldman president," Wright's thirty-three-year career had been a remarkable one. Since 1924 he had sold at least $1 million of insurance each year, and had served as chairman of the Million Dollar Round Table in 1935, Holgar Johnson remembers Wright as quiet and mild mannered. "He wasn't terribly dynamic, but he was a very fine general agent and a good believer in the life insurance business; in its function as an indispensable expression of love of family." Barnes remembers that in every hotel room where he was staying for an important occasion, he insisted that there be a grand piano (preferably white). "He would sit in a white robe and play the piano with elegantly manicured hands," Barnes relates. "He played very badly. He did this chiefly when people were coming into the suite. It set the stage for the rest of it. The most unlikely pianist that you ever saw, but this was his pose and he loved it totally."

At the annual meeting of the American Life Convention that year, Wright made a strong appeal for "Better Partnership" between agents and life company officials. He listed six bases of cooperation for the coming year. "It is my feeling," he said, "that most companies could very profitably counsel with the representative personal producer to

a very much greater degree than they do now. You might not always get the answer you hoped for, but you will get the answer form the man who is actually on the firing line and understands pretty well what is best for the policyholder."

To improve relations between companies and the field forces, he asked companies to:

- consult with representative personal producers;
- cancel the large number of outstanding contracts of unproductive, unfit and part-time agents who are constantly tearing down the prestige of the representative life underwriter;
- consider the agents' perspective when making policy decisions;
- subscribe to the Agency Practices Agreement; and
- adopt retirement plans for the field forces.

Finally, he brought to the company executives' attention that part of the report from the NALU's Committee on Agent's Compensation which dealt with "not an increase, but an adjustment of commissions, giving the representative agent the credit he deserves."

Cincinnati was the site of the 1941 NALU convention. Convention chairman Eric Johnson of Pittsburgh (Holgar Johnson's brother) was largely responsible for producing his muscle-flexing convention which caught the industry in a mood of confident prosperity as the nation braced for war. "Completely in tune with the Nation's great defense effort," reported *Life Association News*, "militantly facing the problems of the life insurance business and of the citizens of the United States, the 52nd annual convention of the National Association swept through a triumphant and decisive week in Cincinnati from the time it opened on Monday, September 5, until it closed on Friday, September 19…From the beginning to the end the convention epitomized its theme: 'American Life Insurance-An investment in Freedom'."

Having waited patiently in the wings for a year, John Witherspoon was elected president of the NALU for the 1941-1942 term. A southern aristocrat and the son of a prominent Nashville physician who had served a term as president of the American Medical Association, Witherspoon had a reputation for his warmth, genial manner and probity. Addressing the members of the American Life Convention at their October meeting in Chicago, Witherspoon pointed to the patriotic spirit evinced by the associated agents during the past year. "When President Roosevelt declared a national emergency and launched the defense program" he noted, "the life underwriters were anxious to take part in this work. They saw industries all about them expanding with defense orders; many of their friends were working night and day to help the government keep its long-range schedule on time.

"They also understood," he continued, "that life insurance, more than any other instrument at work in this country attains two fundamental human freedoms so necessary today—freedom from want and freedom from fear. They saw that their job was to play a part in making America economically strong so that it and its people would have the power to withstand whatever shocks they may face in the future."

The result of this eagerness to serve, he explained, was the NALU's Life Underwriters' Committee for National Defense Savings. Offering their services to the Federal Treasury, the agents volunteered to do what they could to advance the sale of National Defense bonds. Their assignment was to install regular payroll allotment plans in businesses throughout the country. In only three months, he said, sales had passed the $3 million mark. [xv]

It is one of the tragically ironic facts of economics that war usually brings prosperity. Illustrating the point once more, the coming of war brought the United States out of its ten-year depression. Workers in war industries earning higher salaries began buying ordinary life insurance rather than industrial. "After the official entry of the United States into World War II in December 1941, there was a veritable surge in the buying of life insurance." Buley comments. "December sales were some 48 percent above those of the same month of the preceding year."

After an illness of more than five months, Roger Hull, managing director and general counsel of the NALU, died on January 23, 1942. A victim of cancer, he was fifty-six years old. The NALU Board of Trustees, in paying tribute to his years of service, stated, "It was in the role of spokesman for the institution of life insurance, and for the underwriters who represent it, that he was best known and will be most fondly recalled by the great majority of National Association members. …Mr. Hull's work in connection with legislation and court decisions affecting life insurance and life underwriters will forever remain a testimonial to his consummate skill and tireless energy."

The search was on for a replacement. Obviously, it would have to be someone with administrative ability, acquainted with the business and, hopefully like Hull, someone with legal expertise. Finally, on July 9, 1942, Witherspoon wired members of the NALU Board of Trustees: "Jim Rutherford accepts position to head national association at seventeen thousand five hundred subject unanimous approval of board."

A native or Arkansas, Rutherford had taken his B.A. degree at the University of Arkansas in 1922. Three years later he received his LL.B. from Arkansas Law School, graduating at the head of his class. Meanwhile, he had entered the real estate business, and before his retirement from that work in 1931 had been president of the Arkansas Real Estate Association and author of the real estate license law of that state. In 1931 he entered life insurance with the Penn Mutual in Little Rock and served as agent and supervisor with that agency until 1933 when he spent a year as the company's special home office representative in Nashville. After becoming general agent for the Penn Mutual in Des Moines early in1934, Rutherford had taken an interest in Iowa legislative activity. Since the end of 1940, he had headed Penn Mutual's agency in Seattle.

By a change in the bylaws, Rutherford's title became "executive vice president." As the headquarters staff regrouped under a new director, Hoffman assumed the title of managing director, Jones became editor and executive secretary, and Donald Barnes was named director of research and a member of the Association's executive staff. Yet in wartime all arrangements are tentative. Within a year Barnes joined the Army Air Force to serve for two and a half years as a master sergeant.

Owing to economic restraints and other limitations imposed by the war, the NALU staged a no-frills convention in1942. Association leaders met in August for a "business meeting" at Chicago's Edgewater Beach Hotel. In his report to the delegates, Witherspoon acknowledged especially the work of Zimmerman and his committee during the hearings before the House Ways and Means Committee and the Senate Finance Committee on the 1942 Revenue bill. Despite all its efforts, however, the life insurance lobby could not prevent the nation's legislators from striking the $40,000 exclusion form the tax law. Faced with this defeat, industry leaders planned a new campaign to have the exclusion restored, Witherspoon told the delegates.

By this time there were thousands of former life insurance agents in uniform. Many provided invaluable service to fellow military personnel in Personal Affairs units. Offering counsel and guidance, helping with the form-filling paperwork, they facilitated billpaying, the drawing up of wills, insurance purchases, and myriad details about their personal and financial arrangements. Naturally, they always stressed the urgency of purchasing the maximum of National Service Life Insurance.

Donald Barnes who trained recruits for the Army's Personal Affairs program at their center in New York, described the activities of this concentration of uniformed agents in an article written for *Life Association News*:

> It sounds like the kind of idea a life underwriter might think up—and it was. …This one started with a single officer in the room in Washington. The officer was John D. Marsh, former general agent for the Lincoln National Life in Washington, and a past president of the Life Underwriters Association of the District of Columbia. …
>
> In the beginning, the task was clear-cut—to assemble a group of men who could do a sincere, careful job of advising the soldier on the personal matters that perhaps no other section of the Army was equipped to discuss with him. And so John Marsh began to gather assistants from the best source he knew: the life underwriters.[xvi]

Grant Taggart, agent for California-Western States Life at Cowley, Wyoming, was elected president of the NALU for the 1942-43 term. He was greatly admired, not only for his impressive sales record in a remote and sparsely populated section of the country, but also for his personal warmth.

His disarming cow-poke drawl could be deceptive; he was an energetic and shrewd businessman. "Grant Taggart was a great personality and an inspiring speaker who did much to educate others in the life insurance business,' says Holgar Johnson. 'He was probably the most human personality we've ever had in the business. A leader in the Mormon church, he was a very dedicated man of strong character. A role model for so many aspiring young agents, he could relate many experiences from having sold insurance out in a part of the country where you wouldn't think anybody could sell anything. An astute crowd-pleaser, he made many speeches as president of the National Association. Everybody respected him. I don't think I ever heard anybody say anything other than laudatory things about Grant."[xvii]

Pointing with pride to the agents' contributions to winning the war, Taggart told the members of The American Life Convention in the autumn of 1942:

> In the ten months since Pearl Harbor, over 20,000 life underwriter volunteer minutemen have helped to discharge their responsibility to their government through sales and pledges of nearly one billion, five hundred million dollars' worth of war savings bonds and stamps, principally through salary saving plans in over 50,000 businesses and industies.[xviii]

A good deal of Taggart's administration was given to traveling around the country, promoting the NALU's programs for involving agents in the war effort. As an extra boost, he made a nationwide broadcast over the CBS network from station KIRO in Seattle on the evening of April 12. "The program," *Life Association News* reported, "which lasted fifteen minutes, was under the auspices of the Treasury Department. In his talk, President Taggart gave a picture of the united effort of the insurance industry toward winning the war and urged the life underwrites of America to get behind the Second War Loan Drive."

Membership in local associations naturally suffered during the war, dipping as low as 29,130 in 1942. "As a result of the failure to be classified as an essential industry, life insurance lost heavily of its personnel during the year, " Buley observes in his history of the Equitable. "because of the uncertainty of their status, many office and field workers who in all probability would not have been disturbed in their jobs took jobs in war industry." The next year there was a slight improvement. As of August 1943, membership in 193 local and 24 state associations came to 29,274. That year Chicago with 1858 members had the largest life underwriters association. The second largest, New York City, had the largest life underwriters association. The second largest, new York City, had 1,717 members. The 1,400 delegates attending the NALU's 54th annual meeting at the William Penn Hotel in downtown Pittsburgh elected Hervert A Hedges of Kansas City, Missouri, president for the coming year. "The Million Dollar Round Table recorded the highest membership in its history and, under the chairmanship of Ron Stever of Los Angeles, enjoyed a well-balanced program," *Life Association News* reported.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xiii] Buley: The American Life Convention: 1906-1952, p. 876

[xiv] Ibid., pp880-881

[xv] LLAN, January 1942 p. 437

[xvi] Op. Cit., August 1944 pp. 1008-1009

[xvii] Johnson: Interview, May 1985

[xviii] LAN, October 1942 p. 120

Voices from the Field

The NALU Joins the Industry in Legislative Battles

Keeping an ever-watchful eye on events in Washington, the agents devoted more time to the question of state versus Federal regulation. Reporting on the convention, *The Insurance Field* noted, "Senator Harry F. Byrd of Virginia told the National Association of Life Underwriters at Pittsburgh in October that the American free enterprise system could be destroyed in any one of three ways: by exorbitant taxation, by senseless and unnecessary regimentation, or by government competition with private business."[xix]

By January 1944, total applications form members of all branches of the armed forces for National Service Life Insurance had topped the $100 billion mark. "A recent check of men going overseas showed them to be insured to the extent of 98.4 percent of enlisted men and 99 percent of officers," *Life Association News* reported in its February issue. "In the case of the enlisted men, 90 per cent own $10,000 maximum, and the average per soldier, including the uninsured, is $9,500. Officers reported 98 per cent own the $10,000 maximum and the average per officer $9,864." These figures were to have some interesting implications for the life insurance business during the years following the war. NSLI raised everyone's expectations. Besides making people more life-insurance conscious, it conditioned them to think in terms of larger policies. Once the idea that standard, basic coverage for the average head of a household *began* at about $10,000 became accepted, the agents' sale was already made.

The Association's midyear meeting took place at Buffalo's Statler Hotel in March 1944. Besides continued interest in war-bond sales, the leaders of the Association gave high priority to questions regarding agency practices and agents' compensation, education and training. Again and again, throughout the war there is evidence of growing concern among the leaders of life underwriters associations that the Agency Practice Agreement was being compromised. They persisted in urging the companies not to use the war as an excuse to relax standards.

Social Security legislation, "government encroachment of the business," and other political issues also captured much of the agents' attention at this meeting. The NALU had secured the services of Lawrence A. Baker of Washington, D.C., to act as counsel for the Committee on Federal Law and Legislation. Its members reflected the industry's concern over a number of proposals in the Wagner-Murray-Dingell bill, a grand design for enlarging and extending the benefits of Social Security. To almost every proposal, the life insurance industry offered serious opposition.

The same sentiments prevailed when representatives of the life underwriters' associations met in Detroit that fall for another low-key, wartime meeting. On one point, however, the agents were not in full agreement with the rest of the industry, as Buley observes; "The National Association of Life Underwriters, at its annual meeting, gave much time to the discussion of the extension of the Social Security laws; though no sentiment existed in favor of the Wagner bill, a number of delegates, particularly form the South, feared that if it was openly opposed agents might jeopardize their chance of being brought under the old-age and survivors' insurance provisions of the law. The organization finally adopted a straddling resolution on the subject." 20

Besides Social Security, discussion again focused on agency practices, underwriter education and National Service Life Insurance. During the discussion on agent education, Clifford H. Orr of Philadelphia, chairman of the Committee on Education, proposed a program that would eventually take shape as the Life Underwriter Training Council (LUTC). Recalling the NALU's role in the founding The American College of Life Underwriters, which had done so much to dignify the field force with well-informed professionals thoroughly schooled in the principles of insurance theory, Orr observed that it was only fitting that the NALU lead the way in inaugurating a program of practical training on how to sell life insurance. *Life Association News* reported:

> He recited the discussion in the board of trustees on the previous day when it was pointed out that last year between fifty and sixty per cent of the men and women in the business wrote under $100,000 of business and 75 per cent less than $150,000. He emphasized the desirability of concentrating on skills and techniques in life underwriter training rather than on pure education. He asked the Council to give its approval to the decision of the Board that the National Association set up a department of education and training at National Headquarters to undertake and supervise this responsibility to its membership. The Council gave its approval to this progressive move and a committee was appointed by the board to select someone to head up such a department and supervise its organization and development.[xxi]

Reconstructing what occurred at that meeting of the board, Eleanor Dowling, who later served as Rutherford's secretary, drew on Orr's recollections as well as the minutes of the meeting:

> Mr. Orr has since written that "the strategy of the presentation was paradoxically both the salvation and almost the defeat of the plan …Quite understandably, many members of the Board refused to make any commitment of NALU funds for such a nebulous undertaking…The discussion continued for several hours, with the chairman simply insisting on the need for such a plan and the opportunity presented to NALU to sponsor an educational department."
>
> In the discussion, the Board appeared to be split right down the middle. At last, Mr. Orr moved "that a sum not to exceed $2,500 be appropriated to get the proposition started, and if additional funds are needed, to place such a request before the officers and members of the Board before the Detroit convention."
>
> The following moments were probably as dramatic as any in LUTC's history. There were seven votes for, and seven against the motion. All eyes turned to President Herbert A. Hedges, who without hesitation, cast the deciding vote in favor.[xxii][*]

The incident was typical of Hedges who was very dedicated to the cause of professionalism and an indefatigable association worker. Though perhaps no more than five foot seven, Hedges had been in the Marine Corps, and he ran his agency with military precision. A strong personality, he was anything but indecisive.

William H. Andrews, Jr., manager for Jefferson Standard Life at Greensboro, North Carolina, succeeded Hedges as president of the national organization. Andrews' career was typical of many successful agents who had weathered the depression. He was a Thirty-second Degree Mason and an active member of the Presbyterian church and his local country club. A graduate of the University of North Carolina and a founder of the Greensboro Association of Life Underwriters, Andrews had earned his Chartered Life Underwriter designation in 1936. He was generally well liked and regarded as a loyal association man. He would have the satisfaction of knowing that during his administration membership in 423 local associations totaled 37,028.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] Dowling was on the staff at NALU headquarters form 1947 until its move to Washington in 1956. Besides serving as Rutherford's secretary, she worked as Executive Assistant to successive administrators Zalinski, Woodson and Schriver. Working closely with these men she watched the LUTC program develop from its infancy.

[xiii] Buley: The American Life Convention: 1906-1952, p. 876

[xix] the Insurance Field, LXXII, 1943, October 29.

[xx] R. Carlyle Buley, The Equitable Life Assurance Society of the United States: 1859-1964, Vol II, p. 1132

[xxi] O.P. cit., October 1944, p.98

[xxii] Eleanor B. Dowling, Life Underwriter Training council: A Ten Year History, LUTC, Washington, DC pp 18-19

Voices from the Field

The NALU Establishes the National Quality Award

At the Association's midyear meeting in New York on March 16, 1945, Andrews announced the institution of the National Quality Award program. Two years had gone into researching and discussing the idea. Developed by the NALU Committee on Conservation and a special committee of the Life Insurance Sales Research Bureau, the award was intended to stimulate all fieldmen to raise their sights to increased production and higher standards of quality service to the insuring public," Andrews said. "We believe that not only those who earn this recognition gain valuable prestige for themselves in the eyes of their clients, but that their policyholders will benefit both form the higher standards of persistency and from the high quality of service which agents will be encouraged to render."

Application blanks were published in the Association's magazine in April with instructions and eligibility requirements. Applicants had to be full-time representatives of the same company for at least two years, belong to a local association and show a persistency record of at least 90 percent of ordinary business over the preceding two years. The idea was well received throughout the industry. Since each applicant's qualifications had to be verified by his company, granting this award necessitated the full cooperation of the life insurance companies. A total of 1279 field men and women qualified for the award in 1945. Every year since, the number of agents receiving the award has multiplied. It is impossible to estimate the full impact of the program, but few question its value as a positive influence for encouraging quality performance among the field force and for enhancing the agents' status in the eyes of their colleagues and clients.

On June 5, 1944, just a few hours before "D-Day," the U.S. Supreme Court overruled the precedents of three-quarters of a century and decided that insurance was commerce, and that, when conducted across state lines, it is interstate commerce and, therefore, subject to federal laws. Both the NALU and the company organizations had followed the case with great interest and were understandably not altogether pleased with the decision. NALU president Andrews reminded the agents that at its Philadelphia convention in September 1940, the associated agents had gone on record as favoring state in preference to federal supervision of insurance.

More to their liking was the passage of the McCarran-Ferguson Act in early 1945. Industry organizations had taken an active interest in the passage of this bill. Titled "An Act to Express the Intent of the Congress with reference to the Regulation of the Business Insurance," the bill was passed by the House of Representatives by a vote of 315 to 58 on February 15, and signed by the President on March 9, 1945. Granting an exemption from the antitrust laws to the extent the business is regulated by state law, the new law stated "that the continued regulation and taxation by the several states of the business of insurance is in the public interest, and that silence on the part of Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several States."

The Board of Trustees voted unanimously to cancel the 1945 annual meeting of the Association. "The decision was reached," *Life Association News* explained, "as a result of the prevailing order by the War Committee on conventions. The board felt that, even if the European phase of the war were successfully completed by the fall, the passage of troops and materiel across the continent on their way to the Pacific area would greatly overburden railroad facilities, and that the present order would not be rescinded by that time." Naturally, this meant no meeting for the Million Dollar Round Table and other affiliated organizations, as well. As a result of this decision, for the first time in its history The American College of Life Underwriters held graduation exercises separate from an NALU convention. The eighteenth conferment of diplomas took place in New York City on September 20, 1945. Paul Clark, president of John Hancock, was the principal speaker.

Meeting at Chicago's Edgewater Hotel, August 22-24, 1945, the seventeen officers and trustees, acting for the membership, elected Clancy D. Connell of New York City president of the National Association. General agent for Provident Mutual Life, this twenty-five–year veteran of the business had a long record of active association service. While serving a term as trustee, he had been elected secretary of the NALU by a mail vote of the board of Trustees in January 1944 to fill the vacancy caused by the resignation of Wilbur Hartshorn who became superintendent of agencies for the Metropolitan Life. An urbane, polished gentleman, always impeccably dressed, "Connell had very precise notions about what a president of the NALU should be and do." Donald Barnes recalls. "He conceived of himself more as a presiding officer than as a person who put new plans into effect. He presided very sternly over the board of trustees. My recollections is that the meetings were better conducted than at any time before, because he knew Roberts' *Rules of Order*, knew what a gavel was, and wasn't afraid to use either.' John Marsh remembered him as a perfect gentleman who never swore or did anything improper. "He was very articulate and always

agreeable," Woodson says. "He was just a good life insurance man who made an excellent spokesman for our business."

Like World War I, World War II ended more abruptly than most expected. Germany had capitulated in early May 1945, and in early August the atom bomb brought a quick and terrible resolution to matters in Japan. Once again the nation and the insurance business faced a period of adjustment. Group insurance plans had to be cancelled as war plants closed; home office and agency forces had to be reorganized to take care of returning personnel.

The life insurance industry, anticipating the eventual end of hostilities, had already initiated strategies for conservation and conversion of National Service Life Insurance. Its next step would be a campaign to set a termination date for NSLI on the grounds that it was unnecessary, unwarranted and unfair competition with private enterprise. Meanwhile, the NALU set up a Committee on Veterans' Affairs to tie in with the publicity programs of the companies to encourage conservation of NSLI. Among other motives behind the drive was an eagerness to avoid any charges of agents twisting NSLI. "The significance of life underwriters co-operating to the greatest degree with returning veterans cannot be over emphasized." *Life Association News* told the agents in May 1945. In its ad campaign aimed at returning servicemen, the Institute of Life Insurance cited the recommendation of General Frank T. Hines, administrator of Veterans' Affairs, that the holders of this insurance continue it in force. "The insurance made available to you in the service was term insurance convertible without physical examination,' the general told the veterans. "It is a valuable asset which cannot be replaced. Continue to carry it. If you have let it lapse, reinstate it. When you are in a position to plan a long-range insurance program, convert your insurance to permanent form." [xxiii]

Most business organizations made an effort to allow ex-servicemen to return to their old posts, if they chose to. The NALU was no exception. In August, Don Barnes resumed his duties as director of research and was also put in charge of the newly created veterans' affairs program. During the next year or so he would organize some 500 local seminars sponsored by the NALU to help more than 50,000 agents in their efforts toward the conservation of NSLI. That the program was successful is a tribute to Barnes' skill in bringing local associations and the Veterans' Administration together to show agents how to deal with the returning warriors. He was fortunate to have the support of his friend and former commanding officer, Colonel John Marsh, the enthusiastic and resourceful chairman of the special Committee of Veterans' Affairs. Marsh, with his extensive Washington connections was able to assure full cooperation from the Pentagon.

The training sessions sometimes took the form of mass rallies, designed as much to inspire as to instruct, such as the one held in New York in December 1945. The principal speaker was General Omar Bradley, newly appointed head of the Veterans Administration. The Association's magazine gave it full converge in its January 1946 issue:

> Reaching its first climax with the huge meeting which packed the Hotel Pennsylvania ballroom in New York on December 19 with over 1300 agents to hear General Omar N. Bradley, Veterans' Affairs program of the National Association since its inception in August has become one of the biggest activities ever undertaken by the National Association and its local units.
>
> The National Committee on Veterans' Affairs, headed by John D. Marsh,…reports that over 200 Associations had held six-hour seminars on veterans' affairs before the end of the year, and another 200 local units are planning them for the first weeks of 1946. This tremendous effort to equip all agents to assist the veteran on National Service Life Insurance and other problems which he may bring to his life insurance agent represents one of the greatest joint programs ever planned and executed by the organized life underwriters of the country.

Edward J. Schmuck, a former lieutenant-colonel in the Third Army, was hired as general counsel for the National Association on May 1946. A native New Yorker and a graduate of Fordham University, he had practiced law in the city until called to active duty in 1941. In the army he was assistant Chief of Combat Intelligence and a member of General Patton's staff. Rutherford had advised the NALU Board of Trustees at their last meeting of the desirability of having a full time attorney on the headquarters staff who could advise the state associations in monitoring legislation in the various state capitals. (He had also asked for an actuary.) He finally won their approval at the 1946 midyear meeting in Omaha. *Life Association News* reported, "The duties of the attorney, according to Mr. Rutherford, will not conflict with those of the group's Washington counsel, Baker, Selby and Ravenel, but will enable the Association to broaden its services, from a legal point of view, to include state associations and all of its national committees." In July, for the first time appeared "On the Legal Side," a column written by the staff attorney to apprise local members of current legislative issues. It was to become a regular monthly feature of *Life Association News*.

Combined membership in life underwriters associations came to 46,174 in 1946. NALU treasurer Walter E. Barton reported that for the fiscal year ending June 30, 1946 assets of the Association totaled $180,050, the largest in its history. Nearly three thousand attended the National Association's first postwar annual convention in Cleveland that

September. Reflecting the national mood to indulge in luxuries unavailable during the war and a taste for having everything “the way it was,” the associated agent pulled out all stops to produce a convention as much like the grand affairs of the late thirties as possible. It was a time for reviving old customs and renewing old ties. The board of trustees of the American College of Life Underwrites held its annual meeting and dinner on the eve of the convention where enthusiastic reports were heard of the healthy growth of the C.L.U. program. The following evening the American Society of chartered Life Underwriters and the Quarter Million Dollar Round Table held their traditional annual dinners. Huebrner awarded diplomas in the 125 new Chartered Life Underwriters at a dinner in the Statler on the evening of September 12.

General sessions met in the Cleveland Public Auditorium. The “standing room only” sign in the lobby of the symphony hall had been posted for some time when NALU president Connell stepped to the platform to give his formal report on the year’s administration. In addition to the regular committee reports, the delegates faced a heavy agenda that included a series of proposals for legislative action. The list of items offers a glimpse at some of the problems the NALU leadership were dealing with at this time. Summarizing the highlights of the agenda *Life Association News* reported.

> The Council members were presented with a new statement of guiding principles in agency management, in regard to which they were requested to seek the opinions and suggestions of their local members and report back to the committee in order that a new draft of the statement might be presented at the Midyear meeting in Roanoke next March. Then there was the tentative draft of a new agents’ qualification bill, with similar action recommended. The report of the Sub-committee on Social Security, which placed before the membership the true facts surrounding their status under the Social Security Act, was another of these documents which required their serious attention and immediate communication to the membership. Changes in the National Service Life Insurance law were other important facts which they were required to understand and transmit to the membership. The new Group Insurance definition and the changes in the qualifying rules for the 1947 National Quality Award were, likewise, matters that called for their serious attention.[xxiv]

“During the greater part of the last decade, grim-visaged war has stalked across nearly every country of the globe,” Connell reminded his fellow agents. “The shadows of war have fallen over nearly all the homes and businesses of this great country of ours. For a period of over five years, our thinking and our emotions have been dominated by the necessities of the successful prosecution of the war. Previous to this current administration of our Association, my four predecessors carried on our work and activities under war conditions. Only two full-scale national conventions have been held in the last four years.

Complimenting the agents for their part in bringing the war to a victorious conclusion and pointing to the NALU’s agenda for the coming year, Connell concluded, “To the future officers of our national, state and local associations, I wish to address only one sentence. In the immortal words of the Honorable Winston S. Churchill, British war prime minister, “Forward, till the whole task is done.”

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxiii] LAN, May 1945, pp727

[xxiv] LAN, October 1945, p. 81

Voices from the Field

Controversies and Schisms

"The prestige now enjoyed by life underwriters did not come about by accident, nor is it likely to continue by accident. Without the NALU and its statesman-like approach to problems affecting the business and its policyholders it would be only too possible that life underwriters may again find themselves in such a sorry mess they will be more scorned than respected by the public they seek so diligently to serve."

—United States Review, April 2, 1949

ADVERSITY FOSTERS ALLIANCES. The Depression, New Deal legislation, and World War II had taught the various segments of the life insurance business new ways of working together. United they had established the Institute of Life Insurance, enabling all branches of the industry to speak with one voice. Together they had forged an Agency Practices Agreement to assure uniformly high business standards in the marketplace, and instituted a procedure for recognizing those who rendered consistent, quality service to their clients. Now they were about to launch a new educational program for raising the level of salesmanship throughout the field force. As the NALU's Veterans' Affairs program had demonstrated, the business was even learning to deal with the new bully on the block, the federal government. More often than not, the initiative for these cooperative ventures had come from the NALU.

At the 41st annual meeting of the American Life Convention, in October 1946, the NALU's new president, Philip B. Hobbs of Chicago, reminded the company presidents of how well they had all been served by working together as an industry team. He reviewed four instances of cooperative effort involving the NALU, the American Life Convention and the Association of Life Presidents (which had recently changed its name to the Life Insurance Association of America):

- Helping the government develop a pattern for selling war bonds to individuals, rather than to commercial banks;
- Providing an industry manpower study to the government to ensure that sufficient field and home office personnel were available for the industry "to carry on for the duration of the war";
- Forming the Joint Committee of Field Cooperation to provide a pooling of sales ideas, thus enabling agents "to continue to do the proper job for the American insuring public even though we were under wartime restrictions and operating with greatly reduced personnel"; and
- Preparing an institutional statement for the House Ways and Means committee that influenced post-war legislation on Social Security.[i]

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[i] LAN, November 1946, p. 257.

Voices from the Field

The Foundation of LUTC

Throughout the industry during these months interest was building in the planned department of agent training at NALU headquarters. With his proposal at the 1944 convention in Detroit, Clifford Orr actually revived a project that had flowered in the late thirties, only to be crushed by the wheels of war. Under the auspices of local life underwriters associations, an experimental program of intermediate level, practical training of agents had been initiated in 1937. That year the St. Louis Life Underwriters Association offered classes in life insurance selling, using the popular series of textbooks published by Paul Speicher of the Insurance Research and Review Service, based in Indianapolis. On a rotating basis, experienced agents volunteered to meet weekly with study groups to conduct the sessions. Encouraged by the NALU's Committee on Underwriter Education and Training, twenty-six local associations were offering courses modeled after the "St. Louis Plan" by 1939. Their popularity, naturally, attracted the notice of Huebner and his staff, who might have regarded the innovation as a threat. Eleanor Dowling comments:

> The rising popularity of these local association classes soon became a matter of interest to Dr. Huebner, president of The American College, and Dr. David McCahan, its dean. Although everyone realized that the local association-sponsored courses were in no way a substitute for the CLU curriculum, there had nevertheless been a steady drop in the number of new enrollments and of first time candidates for the CLU designation, and life insurance leaders began to wonder whether a program of harmful duplication might be taking form.[ii]

These speculations prompted a series of private meetings in Hartford during the summer and fall of 1939 between McCahan, John Marshall Holcombe, Jr., who was managing director of the Life Insurance Sales Research Bureau (LISRB) and executive secretary of the Association of Life Agency Officers (ALAO), and Benjamin N. Woodson, director of company relations at the LISRB. The whole issue of intermediate training for agents was discussed from all viewpoints. Others, including Huebner, Earl Trangmar of the Metropolitan home office and Irvin Bendiner, agent for the New York Life in Philadelphia, also sat in on the discussions from time to time. They later formed a "Technical Committee" which reported to the board of Trustees of The American College outlining a program very similar on the one eventually adopted.

Meanwhile, thirty-one local associations conducted courses for 3,651 students in 1940. By then, Holcombe and others had concluded The American College should withdraw from the project and that any program of practical training for the field force would have to emanate from the ALAO's Committee on Training in consultation with the NALU's Committee on Underwriter Education and Training. Obviously strong company backing would be needed. A committee called the "Discussion Group" that included McCahan and Woodson met with Earl Colborn, chairman of the NALU's committee, several times during the spring of 1941 to outline the course of study. The final details were worked out by Woodson and Speicher and the project was met with great interest during discussions of the NALU's education committee at their annual convention.

The idea was rapidly winning the endorsement of various segments of the industry. A final Committee on Training, headed by Chester O. Fischer, vice president of Massachusetts Mutual, and including Holcombe and Woodson, and fully authorized to put the program in action, set their meeting for December 8, 1941. Unfortunately, Pearl Harbor intervened and the whole project had to be set aside for the duration of the war.

Clifford Orr, a close friend of Bendiner's was familiar with these pre-war effort. Indeed, the accomplishment of those early groups inspired him to press the NALU Executive Committee to revive the idea. It was against this background that five years later, as chairman of the NALU's special committee for the project Orr reported at the Cleveland convention that full agreement had been reached by the various organizations within the industry and that a committee to implement the plan had been forged. Orr, Rutherford, Edward L. Rieley, general agent for Mutual Benefit at Philadelphia and Walter Barton, NALU treasurer and general manager for Union Central in New York, represented the NALU. Company representative were James A. McLain of the American Life Convention and Paul Clark of the Life Insurance Association of America. Besides Charles Zimmerman, the Life Insurance Agency Management Association was represented by Vincent Coffin, vice president of Connecticut Mutual, J. Roger Hull, vice president of Mutual Life of New York, and Benjamin Woodson, executive vice president of Commonwealth Life in Louisville. By this time, thanks to the combined generosity of the companies and the agents, there was about $50,000 on hand to begin operations. The committee met in New York City on December 12, 1946, and again on

February 19, 1947. Their first step was to find a director to head up the new department. In March 1947, *Life Association News* announced that a "principal" for the new correspondence school had been found:

> Edmund L. G. Zalinski, C.L.U., of New Haven, manager for the New York Life for the state of Connecticut has been chosen as Director of the Institutional Plan for Life Underwriter Education and Training…
>
> Mr. Zalinski…will develop plans for intermediate education and training for life underwriters throughout the nation under the direction of the Joint Committee set up by the four organizations.[iii]

Zalinski, who was thirty-two, held a B.S. degree from Cornell, where he majored in economics, an M.B.A. from Harvard and a Ph.D. from New York University. He had been associated with New York Life, first as an agent, then as an agency manager, since 1942. At the heart of Zalinski's pedagogy was the hypothetical case, presenting the student with typical selling situations to demonstrate how insurance can meet the needs of various types of prospective buyers. This approach to agent training became central to the LUTC curriculum.

Plans moved rapidly. "Terminating a series of conferences, the joint committee met last month to adopt a constitution and a new name for the guiding body," *Life Association News* reported in September 1947. "It will now be known as the Life Underwriter Training Council and will be governed by its own officers and a board of trustees." Emphasizing that the Council was an independent, nationwide organization with headquarters in New York City, the article explained that it was a joint project of the American Life Convention, the Life Insurance Association of America, the Life Insurance Agency Management Association and the National Association of Life Underwriters. NALU secretary Clifford Orr was named chairman and Vincent Coffin, vice-chairman; Charles Zimmerman served as secretary, and Rutherford became treasurer. Outlining the program, the editors explained:

> The Council's two-year course is designed to fill the gap felt by so many to exist between company training and the advanced education of The American College. Its primary emphasis will be on the development of skills and the use of knowledge, rather than on the acquisition of information alone. In fact, the Council Course will follow the same direction the agent pursues in the performance of his job. It will begin with the prospect and the insurance situation in all cases.[iv]

In January, Levi E. Botten, who had been working with the curriculum committee as a volunteer, gave up his position at Teachers Insurance and Annuity to join the staff as Zalinski's assistant.

At the National Association's midyear meeting the following spring, Reiley reported, "Companies, managers and students themselves agree that the classes are not only stimulating but also that they train the agent to think constructively, increase production and develop greater confidence in himself and the institution of life insurance by providing a better knowledge of those facts which are essential to competent life underwriting." A year later Zalinski announced that over 1,200 students were pursuing the Council's first course in 55 classes in 45 cities. By 1950, over 4,000 students were enrolled in 225 classes in 164 cities.

The success of the program depended almost entirely on the cooperation of local life underwriters associations which usually sponsored organized class. For the local units of general agents and managers, the LUTC was a godsend. As it had done for The American College of Life Underwriter, *Life Association News* opened up its pages to help promote the new educational project, and Zalanski began a monthly column, "Trends in Training," which focused on the practical value of the program and tracked is growth and development. The magazine continued the column for nearly two decades.

Besides the new agent education project, other concerns occupying the delegates at the well-attended midyear meeting in Milwaukee included the acceptance of a model qualifications bill for agent licensing by the various states and proposals for tighter regulation of savings bank life insurance. "We are on sound ground," Hobbs told the delegates, "when we insist that those who compete with us should be required to operate under the same laws and regulations that apply to us and should be subject to the same taxes that are imposed upon us."

After World War II the multiplication of measures proposed each year before state legislators and Congress, along with a growing number of court cases dealing with the business of life insurance, made it almost impossible for the association leaders to track every proposed bill or monitor litigation to calculate the implications for agents and their clients. Most were not trained in the law. Moreover, they were busy men and women primarily occupied with the work of marketing and the burdens of management. While the officers and delegate expressed their general views on legislative matters and policy at both the annual and midyear meetings, it was usually left to Rutherford and his staff to follow up with the necessary details.

In July 1947, the NALU announced the foundation of the John Newton Russell Memorial Award through an endowment established by the former NALU president's son, John Henry Russell. It was to be an annual award honoring someone who had contributed in a remarkable way to the life insurance business. The NALU agreed to administer the award. Presentations were to be made at the NALU annual meeting where recipients would be given an engrossed citation, a plaque, and an engraved watch, or some suitable memento of the occasion. *Life Association News* explained:

> Under terms of his [Russell's] offer, which NALU's Board of Trustees accepted selection of recipients will be made by a committee composed of the following: chairman, the Immediate Past President of the NALU; members, the second and third immediate past presidents of the NALU, the chairman of the Million Dollar Round Table of NALU, the president of The American College of Life Underwriters, the president of the American Society of Chartered Life Underwriters the president of the Institute of Life Insurance and the managing director of the Life Insurance Agency Management Association…
>
> Both Mr. John Henry Russell and this Committee hope that this award will become one of the most honored and respected gifts that the institution of life insurance can bestow upon its leaders.[v]

To assure its continued funding after his death, Russell took out an insurance policy, naming the NALU as beneficiary. But he was also eager to ensure the integrity of the award. Writing to NALU past president William Andrews in March 1946, Russell was insistent: "I trust that all the details as recommended by me will be carried out literally, because the manner of the elections and of the functioning of the committee to determine the recipients of the Awards is most important over the long range if the evil influence of bad politics, of pressure groups, or of favoritism is to be forever kept out in making the John Newton Russell Memorial Award." [vi]

Within a very few years, the Russell award gained a unique and impressive position. It is probably the most coveted honor in the business. "When I first heard of the award, I expected it to acquire great prestige," Holgar Johnson recalls, "and I'm glad to say that it has. As long as they continue to reserve it for the most worthy contributors to the business, its eminence is safe. You have to be very careful to keep the award above petty politics and free of company influence and personal prejudice." [vii]

To give the award monumental permanence, Russell commissioned a large bronze tablet, with space for listing the names of all the recipients, to be installed at NALU headquarters. Surmounted by a bas-relief likeness of his father, the tablet reads: The John Newton Russell Award for Outstanding Service to the Institution of Life Insurance, presented annually through the National Association of Life Underwriters. Donor, John Henry Russell.

The NALU's 58th convention, held at Boston's Statler in September 1947, was the occasion of conferring the first of these awards. Ceremonies took place on Friday, September 12. The recipients were: Dr. Solomon S. Huebner—1942; Julian S. Myrick—1943; J. Stanley Edwards—1944; Paul F. Clark—1945; M. Albert Linton—1946; Holgar J. Johnson—1947. Linton, the only one in the group without a long and prominent association with the NALU, was president of Provident Mutual Life in Philadelphia.

In their reports to the convention both outgoing president Hobbs and Veterans' Affairs Chairman John Marsh mentioned that the NALU and the life insurance companies were actively seeking a termination date for National Service Life Insurance. Hobbs also reiterated the NALU's interest in obtaining a broader base for Social Security so agents could be brought under the Old Age and Survivor Insurance (OASI) benefits of the Act.[*]

The delegates, representing 499 local associations and 50,818 members, followed the long-established custom of elevating the NALU's vice president to the position of president, naming Jul B. Baumann, general agent for Pacific Mutual at Houston, to be president for the 1947-48 Association year.

Considerable controversy surrounded the subject of group insurance at this time. Many companies were making life insurance available to groups usually members of unions, local government employees, such as teachers or employees of a company—without the counsel of an agent who would determine the suitability of coverage in each case. Many viewed this rapidly expanding market with alarm. They saw it as an undiscriminating, wholesale way of promoting insurance that deprived the insured of advice and personalized service. In his annual message to company executives a few weeks after his election, Baumann requested the cooperation of ALC, LIAA, and LIAMA "in determining the spheres for mass selling and individual coverage." Insisting that the new mass marketing programs would not substitute for the tailoring services of an agent Baumann said, 'With respect to plans to mass coverage by our companies we have had little in the way of joint action…. It is the agent who tailors the superb plans developed by the home office to meet the needs of the individual policy owners. It is the aggregation of individual policy owners. It is the aggregation of individual policy owners, not an amorphous mass, which still and fortunately is the primary concern of our system. Mass selling can never do the full job."[viii]

Leroy A. Lincoln, president to the Metropolitan, who was present on that occasion and discussed the question with Baumann, agreed that mass selling had gotten "way out of bounds." He suggested "an approach to the original concept of employer-employee, plus such of the other phases of the Group Life definition as may be determined to be sound group underwriting.

"The whole trend of our thinking," he said, "has for years been against certain expansions of group insurance which have come to be adopted here and there during the last few years, and which we believe are not in the best long-time interest of the insuring public."[ix]

It was during the staff party on Christmas Eve that a telegram arrived informing Rutherford that Insurance Field, one of the most respected trade journals of the day, had named him the industry's "Man of the Year" for 1947.

In citing him for the award, editor Fred C. Crowell, Jr. observed, "Faced with may perplexing and difficult problems, Mr. Rutherford has advanced the cause of the career underwriter on many fronts…Paced by his energy and active leadership, the multi-phased program of the National Association of Life Underwriters has made greater strides in directions affecting the overall welfare of the industry and its patrons than in any single year in memory. Mr. Rutherford has been primarily responsible for spear-heading the converted drive for improved field conditions and improved relations between agent and company organizations…

"He has led the drives for elimination of improper uses of mass selling techniques, the enactment of life agent qualification laws, the bringing of life agents under the OASI benefits of the Social Security Act, the setting up of the Life Underwriter Training Council, …the inclusions of prestige-building copy for the career agent in the national advertising of the Institute of Life Insurance, and the tremendous upsurge in the membership of the National Assosication."[x]

In January, the NALU's general counsel, Edward Schmuck, resigned to accept a similar position with the Acacia Mutual Life in Washington, D.C. He was replaced by James B. Hallett, an athletic young man with rather impressive credentials, who had served with Schmuck on General Patton's staff. A biographical sketch appearing in *Life Association News* indicated that Rutherford selected well:

> Born in Denver, where he received his early education, Mr. Hallett prepared for Harvard College at Milton Academy in Massachusetts. In 1937 he graduated cum laude from Harvard where he won his letters in football and crew and he received his legal education at Yale Law School, from which he graduated in the upper third of his class in 1940.
>
> Entering the Army as a private in March 1942, he was graduated from Infantry Officers Candidate school in December of that year and subsequently served as counter-intelligence officer, both in the United States and in Europe. During the last two years of his service in Europe, he was commanding officer of the Counter Intelligence Corps at Third Army Headquarters, serving under General Patton. For his services in counter-espionage and counter-sabotage work he was decorated with the Bronze Star Medal and the Croix de Guerre. He was discharged as a captain.
>
> Prior to joining the National Association, Mr. Hallett was associated wit the well-known New York firm of Alexander and Green which has represented the Equitable Life Assurance Society in various capacities since its organization in 1859. In this position, he has gained wide experience in wills, trusts and in corporate law.[xi]

As Crowell's "Man of the Year" citation implied, Schmuck and Rutherford has supported every move to have life underwriters classified in such a was as to enjoy the benefits of OASI. Confusion about the agents' status arose from whether they should be regarded as independent contractor as employees. Obviously, most were not employees in the sense that they worked for a set number of hours on a fixed salary. Passage of the so-called Gerahart Resolution in 1948 gave at least some life underwriters an opening. The ruling said that eligibility depended on one's status in a "covered employment." (The life insurance business was considered a "covered employment.") "As life insurance companies are covered the act, agents who are 'employees' of a life insurance company are entitled to OASI benefits," NALU actuary Gordon D. McKinney told the readers of *Life Association News* in his Column, "Actuarially Speaking." But he was cautious:

> The Gearhart Resolution with reference to "the usual common law rules" has been too recently enacted for the courts to have laid down a clear pattern of interpretation. It may well be that the courts will interpret the statute as establishing merely a guide for the Federal Courts had not as a requirement that they follow conflicting interpretations of "the usual common law rules" found in the forty-eight several states. There is the possibility that the courts may construe liberally the phrase, "the usual

common law rules." [xii]

In July *Life Association News* reported the resignation of the NALU's director of research. "It is with regret that I tell you that Donald F. Barnes had resigned to accept a staff position with the Institute of Life Insurance," Rutherfold the members of the board. "We congratulate Holgar Johnson and the staff and members of the Institute and with Don the greatest success in the new connection."

Delegates arriving in St. Louis for the 1948 convention on September 14 were shocked to learn of the death of NALU treasurer Walter Barton only hours after giving his final report to the Board of Trustees. Barton was extremely popular in Association circles, and had served that NALU well. Lauding Barton's character past president Lester Schriver, the NALU's silver-tongued orator, said, "News of the sudden and to us tragic death of Walter E. Barton, the well-loved and highly respected treasurer of the National Association of Life Underwriters, has fallen upon this convention like a shroud." Reviewing his success as a businessman, he praised Barton for his executive ability, leadership qualities and his devotion as a husband a father and a good churchman.

During the opening business session of the convention, a note was struck which was to be repeated many times at Association gatherings in the future. In his report, trustee Simon D. Weissman, chairman of the Committee on Field Practices, said that the committee had given serious attention to "the bank loan-policy purchase plan of selling life insurance," and called upon companies and field men "to condemn this practice in the interest of long-range good of agents, companies and policyholders."[xiii] The problem continued to loom larger in the insurance marketplace. Finally, in 1955 the NALU created a special committee on credit life insurance to monitor the situation and recommend countermeasures.

Among the platform speakers was Paul Speicher who, as president of Insurance Research and Review Service, well known as a lecturer and the author of a number of important books on effective methods of selling life insurance. His reputation rested largely on his considerable success in supplying companies with programs for training new agents. Some were also aware of his influence on the development of the LUTC curriculum. Focusing on the nobility of the underwriter's vocation, Speicher told the agents:

> Sometimes someone has to die before an agent gets the life insurance business inside of him. Sometimes it is necessary for the agent to leave the office with the claim papers in his pocket, and then when he faces the window and the family, he finds himself saying to himself, "Without my persuasion, without my attempt to secure action today, I would not be arranging to deliver to this woman the proceeds of this policy…."
>
> And when you return to the office and you find yourself saying, "Once I wondered whether the life insurance business was good enough for me. Now I wonder if I am good enough for the life insurance business."
>
> And the moment you make that statement, then the life insurance business is inside of you, and from that moment it will be to you what it is in truth and in deed, the most wonderful business in the world.

The Russell award that year went to Frederick H. Ecker, chairman of the board of the Metropolitan Life, whom the committee applauded as a progressive and civic-minded company leader.

Philadelphia's Clifford Orr assumed the presidency of the Association. A graduate of the Wharton School of Finance and Commerce at the University of Pennsylvania in 1924, Orr could look back on a successful twenty-four-year career in life insurance selling. A general agent for the National Life Insurance Company of Vermont in Philadelphia, he had received his Chartered Life Underwriter designation in 1932. Along with his years of leadership in both the local and national associations, he had earned everyone's respect for his devotion to the cause of agent education, particularly for his efforts in the creation of the Life Underwriter Training Council. "A very able man," Woodson observes, "Cliff Orr deserves credit for moving the NALU from a mere passive supporter of institutional, intermediate agent training to positive action. That should be his monument." For everyone in the business, post-war expansion offered new opportunities as the industry extended its services and experimented with innovations in products and marketing. It also introduced a whole new set of challenges. As its ranks continued to swell and its services to the associated agents expanded, the NALU's resources became stretched to the limit. There were a lot of legislative issues demanding attention, and the workload at the Association's headquarters weighed heavily on Rutherford and his staff, but more threatening to the NALU's future were the rifts developing within the agents' ranks.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] The government did eventually phase out NSLI, but by that time the United States was committed military in Korea. The new package of benefits that Congress offered those service in the armed forces was looked upon by the agents as merely another form of NSLI, in competition with private insurance plans. Beginning in 1950, the companies and the NALU waged an on-going campaign to keep the government-sponsored benefits programs to reasonable limits.

[ii] Dowling, Op. Cit., p.3.

[iii] LAN, March 1947, p. 633.

[iv] LAN, September 1947, p.21.

[iv] Op. Cit., July 1947, pp. 997-998.

[vi] NALU Archives: Papers of W.H. Andrews.

[vii] Johnson: Interview, 1985.

[viii] LAN, November 1947, p. 245.

[ix] Ibid., p. 246.

[x] LAN, January 1948, p. 441.

[xi] Op. Cit., January 1948, p. 441

[xii] Op. Cit., November 1948, p. 273

[xiii] LAN October 1948, p. 108.

Voices from the Field

The Nola Patterson Affair

Clifford Orr was destined to preside over the National Association in one of its most difficult years. It would be up to him and his colleagues to clear the NALU of charges that it had functioned as a labor organization in violation of the National Labor Relations Board Act. The incident reflects a kind of schism that had developed in the field force between the general agents and managers on one side and the soliciting agents on the other.

A move to give personal producers more voice in NALU decisions had first surfaced at the 1947 midyear meeting in Milwaukee. *Life Association News* reported:

> Although the matter was brought to a head on the floor of the Council when the recommendation of the Chicago Association that the National by-laws be amended to legislate that the Board of Trustees of the National Association be composed of equal representation from agent and field management groups, and while that motion was defeated by the Council members, there was no doubt that the discussion on the motion did much to clear the air and convince those present of the desirability of much-needed greater participation of producing agents in the Association's affairs.[xv]

At that meeting, the largest midyear meeting so far, a poll of the delegates showed an even representation of agent and field management. Nevertheless, pressure continued to mount and at the Boston convention an amendment to the bylaws created a thirty-two member Committee of Agents. This was obviously an effort to diffuse the mounting criticism and stifle the murmurs of discontent heard in various quarters. Headed by NALU trustee John P. Costello of Dallas, membership was limited to "life underwriters who do not have supervisory or managerial duties." Among its more prominent members were Vivian Anderson, Grant Taggart, D.L. Myrick, Stanley Collins, David Fluegelman and Richard Imig. "We conceive it to be our duty to keep fully informed as to all NALU activities of special interest to agents and to offer suggestions for the use of and to otherwise aid and support the committees handling such activities," Costello told the National Council at their 1948 midyear meeting in Louisville.

One of the first proposals dealt with by this committee was the feasibility of having a separate association of agents. The group concluded "the best interests of agents can be served by NALU rather than by a separate organization from which field management would be excluded," Costello reported. "With two separate organizations, neither would have funds with which to do as much as NALU is now doing without doubling or tripling dues," he commented.

One source of the trouble was the very practical matter of finances. Unlike established general agents and managers, producing agents were not always in a position to spend days away from their offices several times a year and bear the expense of traveling to the various meetings of the national organization. Still, it was not an insuperable barrier, as Costello pointed out:

> Admittedly, it costs an agent considerable money to hold an office in the Association or to serve on one of its committees. However, all of us must recognize that this is our business and that we should be willing to give of our time and talent for its preservation and its betterment. This Committee feels that more agents would offer their services if our local and state associations had finances sufficient to enable them to employ one or more full-time or part-time employees who could relieve officers and committee members of detail. …We need more money to carry on present and additional important activities. We ask too much "for free" at the present time. In too many instances, only general agents and managers can afford the time and money which Association service requires."[xvi]

Many agreed with Mrs. Nola E. Patterson, an agent for Reliance Life in Atlanta, Georgia, who had helped initiate the movement to give agents a greater voice in NALU affairs. The daughter of a crusading newspaper editor, she was a cool, soft-spoken woman of rather aristocratic bearing. She viewed the general agent or manager, whether he was on a commission or salary, as a "home office boy" essentially committed to the company's interest rather than the agent's. Patterson was a prominent member of the Quarter Million Dollar Round Table. She was also active and vocal in association circles in Atlanta where she developed a considerable following among the rank and file in the field force. "She was a very militant woman," recalls Donald Barnes. "Feeling that the ordinary agents in America had no bargaining agency, she decided that she would try to make the NALU fish or cut bait. Either it would be a bargaining agency—in which case she would be delighted—or it would not be, in which case she would form her

own organization. One way she attacked the NALU was through the Agency Practices Agreement which she considered an altogether too chummy arrangement between the companies and the field force."[xvii]

Dr. Buley notes in his history of the American Life Convention:

> Mrs. Patterson…had some years earlier started the movement for greater agent representation on the board of trustees of the National Association of Life Underwriters; she also worked for the cause of vested renewals and for social security coverage of agents. Since the Boston meeting of the NALU in 1947, she had been promoting a separate organization for soliciting agents—The Life Insurance Field Forces of America. In a small monthly publication which she edited—Life Insurance Reveille—Mrs. Patterson spoke out rather emphatically against persons, companies, and practices with which she did not agree. For instance, she said in regard to domination of the National Association of Life Underwriters by the life insurance company management: "We poor bunnies—the agents, don't know what's going on within the association. They lobby in Washington in our name—but not for us. They even subsidize the association."[xviii]

The NALU's initial reaction was to dismiss her with frigid indifference. "We gave her short shrift," recalls David Fluegelman, who was a trustee at the time. "She approached the officers, asking for an opportunity to address the convention. We didn't give it to her."

Patterson, however, wasn't to be gotten rid of so easily. The whole controversy became front-page news in the financial sections of the nation"s newspapers in September 1948 when she filed charges against 183 life insurance companies with the regional office in Atlanta of the National Labor Relations Board (NLRB). The charges alleged the National Association of Life Underwriters was a labor organization within the meaning of the National Labor Relations Act of 1935 (the Wagner Act and as amended by the Taft-Hartley Act of 1947) and that life insurance companies were violating that act by the unfair labor practice of dominating the NALU.

By March 1949, when the regional office transferred the case to the National Labor Relations Board in Washington, the leaders of the NALU were in a difficult position. The issuance of a complaint would affect the future course of the organization. Some of the associated agents' most cherished projects might have to be scrapped. As Orr explained, "It appears that under the law the Association doesn't have the act as a collective bargaining agency to be held to be a labor organization." And Buley observes, "If it could be proved that the National Association of Life Underwriters was company-dominated in any way and stood in the way of the formation of a regular union, then it would have to change itself completely."

Confronted with this possibility, the NALU Executive Committee retained Atlanta attorneys G. Maynard Smith and Alexander E. Wilson, Jr., whose specialty was labor relations cases, to represent the Association's interests and to "contest the charges to the utmost."

It was in an atmosphere of crisis that the officers and local association leaders assembled for their midyear meeting at Miami's Hotel Flamingo in March. They passed a resolution reaffirming their status as a "a professional association," which neither has nor seeks to engage in collective bargaining activity or other tactics associated with labor unions on behalf of any agent or group of agents. But this meant very little in view of the charges. As Orr explained:

> Members of the NALU will undoubtedly be surprised to learn that under the broad interpretation of our labor laws the NALU can be forced to defend itself against allegations that it occupies a status contrary to its By-Laws, contrary to its intentions during its long history, and contrary to the goals to which they, as members of a professional association, have so long devoted themselves.[xix]

The prospect that a point of law could so curtail the NALU's activities as to render it ineffectual as a force for good in the industry aroused the ire of more than one observer. In a strongly worded editorial the *United States Review* commented on "the seriousness of the position in which the NALU finds itself as a result of twists given to labor laws of the nation." Noting the Association's long history of invaluable service to the life insurance business, the editor concluded:

> Only by contrasting the status of the fieldman of today with his ill-thought-of counterpart of 50 years ago is it possible to arrive at a true appraisal of the worth of the NALU. The prestige now enjoyed by life underwriters did not come about by accident, nor is it likely to continue by accident. Without the NALU and its statesman-like approach to problems affecting the business and its policyholders it would be only too possible that life underwriters may again find themselves in such a sorry mess they will be more scorned than respected by the public they seek so diligently to serve.[xx]

Nola Patterson did not cripple the NALU, nor did she seriously affect its progress. It came through the ordeal without any loss of prestige, with its honor intact and the centerpiece of an enormous amount of publicity. Nevertheless, the case did force the NALU to reassert its commitment to professionalism and to limit its activities in certain areas. The companies were also affected. In settling the Patterson case, the industry signed the death warrant for the Agency Practices Agreement. The NALU's emasculated agent compensation committees eventually disbanded, and we no longer hear of the NALU offering the companies suggestions about how agents are paid for their work. After 1949 the Association's leadership encased any comments on that subject in the most general, diplomatic and euphemistic terms. As to how the case was resolved, Buley relates:

> Despite the fact that the newspapers gave the charges considerable attention, a settlement agreement (not a consent decree) was arrived at in Atlanta in July between the tenth regional office of the National Labor Relations Board and the National Association of Life Underwriters, the Life Insurers Conference, the Life Insurance Agency Management Association, and the… American Life Convention and the Life Insurance Association of America. Under the terms of settlement each company agreed not to recognize the National Association of Life Underwriters as the representative of any of its agents for the purpose of dealing with them concerning grievances, labor disputes, wages, conditions of employment and the like unless that organization should be certified by the National Labor Relations board as the bargaining representative of its agents. The National Association of Life Underwriters agreed not to engage in any of the activities reserved for and followed by labor organizations. The agreement made clear that neither the companies nor the National Association of Life Underwriters admitted that they had been involved in violation of the National Labor Relations Act or that the National Association of Life Underwriters had functioned as a labor organization.[xxi]

Nola Patterson wasn't Orr's only problem. One morning early in the new year, former NALU president Andrews received an interesting letter from Rutherford. Dated February 9, 1949, and marked "Personal & Confidential," the letter said:

> The contents of this letter will surprise you.
>
> On yesterday, President Orr sent a communication to the Board of Trustees requesting authorization to appoint a committee to select my successor. I have tendered my resignation to accept a vice presidency in one of the major companies at a better salary and with a considerably better pension proposition. Just as soon as it is possible to send you details, I shall do so. In the meantime, the above information is being given only to the Board of Trustees.

His resignation certainly surprised the members of the executive committee. Since the "great blow-up of 1945," when Rutherford twice submitted his resignation and gained major concessions by agreeing to stay on, most Association leaders assumed that, on the whole, he was perfectly satisfied with his position. He probably was. But, as he told Andrews, with the Prudential's offer of vice president debit agency came a better salary with more generous benefits. Unquestionably, he could leave the NALU content that he had brought the organization a long way. "Jim Rutherford had more to do with molding the present structure of the NALU than any other individual," declares Don Barnes. He explains:

> All his predecessors had looked upon themselves as subservient to the board of trustees. Roger Hull, who immediately preceded him, was chiefly interested in its legal affairs, and preferred the title "general counsel." In the day-to-day housekeeping duties of NALU, he was content to sign himself "Your New York Office Boy" and leave the details to other staffers.
>
> Rutherford looked upon national headquarters as the moving spirit of the organization, and the officers and trustees as highly dedicated volunteers whose job it was to "advise and consent—or not consent" to the broad programs emanating from 11 West 42nd Street.
>
> At first he had a tough time—his exceptional boards were accustomed to calling headquarters and issuing edicts. Some edicts were unilateral, especially those from Judd Benson, the singularly strong trustee who later became president, after making his mark as chairman of the federal law and legislation committee. Rutherford found himself at board meetings defending some trustees against the attacks of others.
>
> He finally cut the Gordian knot by writing a letter of resignation to his board. Most board members were shocked by this abrupt approach, and all convened in a special session, Rutherford cited chapter and verse about how conflicts among board members were making executive decisions difficult, and told the board that if it expected him to stay he would have to be responsible for the actions of the entire

board, not its individual members.[xxii]

Rutherford had waited until the final moments of the board meeting to drop his bombshell. His list of complaints was as long and it offers a close-up shot of the NALU's managerial problems during this period. "There are two ways this job can be run," he said, "1) do only what you are told and don't start anything; or 2) run the show as you would a business. I cannot bring myself to accept the first method and as the job is now constituted it is not so easy to run it on the second basis." Seriously displeased, he vented his anger and frustration:

> At best the "direction" of a president and the members of this board can only be that of a "part-time" boss. Having served both on the board and in national headquarters, I know how little you know about this job and the entire national headquarters…
>
> Finally, I was motivated to no small extent to submit my resignation by the fact that the board did not act favorably upon the request I made at Buffalo for permission to employ an assistant at not exceeding $4,000 per year. It is true that you did finally leave this matter in the hands of Clancy Connell, Walter Barton and me. I sensed that the attitude of the board was not favorable and rather than embarrass these two friends of mine I promptly dropped the matter. In short, the work is never ended, there really is no time for vacation and no chance for assistance. The failure of the board on this occasion did more to start me thinking about another connection than any single thing which has happened in all my three years on this job.

The threatened resignation may not have given him a significant raise in pay or markedly better benefits but, as Barnes points out, it gained Rutherford the concessions he needed to pursue his own management style. "The board ultimately agreed, and gave Rutherford the two powers he wanted: full control over management of headquarters, and full board consensus on issues of national importance," Barnes explains. "This put the executive vice president in the driver's seat, a position his successors have consolidated over the years."[xxiv]

During Rutherford's six and one-half years as executive vice president, the headquarters staff increased from fifteen to twenty-three. In accepting his resignation Orr said, "During the years Jim Rutherford has served the field forces as the executive head of their organization, he has endeared himself to and gained the respect of thousands of men and women engaged in this business, both in the field and in the home offices. He has proved a strong and able leader, an untiring worker in what he believed were the best interests of the field, and his long-range thinking coupled with his sound and practical approach to problems have been responsible for many of the progressive measures that have been introduced into the National Association's wide program of activity."[xxv]

With Rutherford's departure in July, the NALU lost a valuable asset. Finding a suitable replacement was not easy and the Association was to experience an unsettling period of managerial turnover before a permanent executive could be found. NALU trustee Richard Imig, an agent with New York Life in Sheboygan, served as "acting executive president" until October when Zalinski was named executive vice president. Obviously, this meant a double burden, forcing him to divide his time between the expanding LUTC program and the management of the NALU—a situation that could not last very long. As the Staff adjusted to theses shift, Jones became the NALU's director of public relations, leaving much of the responsibility for getting out the magazine to James M. Partridge, who had been working as assistant editor for some time. Pasquale Quarto, LUTC's director of training, took over the "Trends in Training" column. Imig lingered on the executive staff as director of association development for some time before he finally decided to return to Wisconsin. Understandably, he felt somewhat ill used by the board, having given up his position to manage the association only to learn that his service would not be needed after all. Benjamin N. Woodson, who was aware of the situation and sympathized with Imig's plight, comments, "He simply lacked the stature and breadth of background for the job. I voiced the opinion that Imig should be dealt with very generously, since he had been led to believe he was being considered for the position, when he was not." [xxvi] Zalinski continued in his dual capacity until July 1951 when he was relieved by Woodson.

Besides wrestling with the Nola Patterson case at its midyear meeting in Miami, the governing body of the NALU also took up the group insurance question again and endorsed the group life insurance definition adopted by the National Association of Insurance Commissioners at its meeting the previous December. In opposing unlimited group insurance, the agents were often accused of denying the public protection at low cost merely to protect their own interests. Defending their position, the editor of *United States Review* asserted that what agents object to was the lack of permanent protection and "perversion of the social concept of group insurance to the advantage of very highly compensated people in the industry who, in some instances, receive much larger amounts of insurance than any underwriter would issue in his right mind, even at ordinary rates." Pointing out "Jumbo risks are bad, no matter how they get on the books, "and noting the risk was greater when there was no medical examination, the editor warned that the large number of modestly compensated members of the group would get stuck with the bill in the long run. "Agents also see the need for life insurance after employment is terminated, when there it is by loss of a job or old age," he said "They see group insurance letting people down when their need for protection is greatest."

There were other motives, too, he argued:

> Carried to its unfettered extreme, group term coverage could saturate the market with pure protection only and cast the great saving function of life insurance to the winds or relinquish it to competitors. Even in the pension field many agents think life insurance is getting soft when it too readily settles for the insurance portion only and leaves the job accumulating the funds for retirement to banks, trust companies and "trustees."
>
> Agents can see how all of this works toward life insurance doing only half is rightful job—to say nothing of creating a situation where the industry itself lends a hand in destroying its greatest market by breaking down the urgency of the need for personal insurance thorough substitution of a palliative for a lifetime program of family security that only personally owned and paid-for insurance provides.[xxvii]

Reviewing the NALU's long campaign for the adoption of a "realistic" definition to replace the one proposed in 1917, staff actuary Gordon McKinney explained that the NALU had rejected the one adopted by the commissioners in 1946 because there were too many loopholes. Rutherford and successive NALU presidents Hobbs and Baumann had given numerous speeches pointing out the weaknesses of the proposal. "As a result of these activities, together with the fact that many of the insurance commissioners recognized that further changes were desirable," McKinney said, "further hearing were held by the Life Committee of the National Association of Insurance Commissioners in 1948 which resulted in the adoption of the 1948 Group Life Insurance Definition."

Outlining the main points of the emended definition, McKinney aid that the commissioner proposed confining sales to employer-employee groups, creditors insurance, labor union groups and trusteeship cases. The maximum amount of group insurance permitted on the life of one person was $20,000. The definition also stipulated that a policy under an employer-employee or labor union group had to cover at least 25 employees.[xxviii]

During the summer of 1949, the national organization initiated a program for grooming new association leaders. "For a good many years," observed *Life Association News,* "one of the seemingly irremovable thorns in the administrative side of the NALU has been the problem of orienting members who each year are elected to take office, in either the state or local associations." Previously, the talk of acquainting new officer with their duties was left to state associations conducting orientation sessions at their headquarters. This was often unsatisfactory because someone might be in office for months before the annual training sessions met. There was no uniformity, and instruction was superficial and perfunctory in many cases.

The solution, it was hoped, lay with the NALU's Leadership Training Program. Material for conducting training sessions, developed during a series of pilot seminars, had been designed by members of the headquarters staff. National headquarters could now supply associations with outlines covering the duties of each office and administrative committee on both state and local levels.

By the fall of 1949, membership in local associations amounted to a little over 54,000. The agents assembled at Cincinnati's Hotel Gibson for the NALU's 60th annual convention applauded Ohio Senator Robert A. Taft's speech on "Insurance and the Welfare State" in which he denounced further extension of Social Security. Obviously at home with insurance people, this nationally known apostle of conservatism had addressed agent groups on a number of occasions. "The principle of insurance has become so popular, " he said, "that the process by which the state proposes to furnish free services to all its people had tried to steal the name of insurance. It is not insurance at all. It is the levying of a tax to provide an increased Government activity by giving free service to all the people of the country."

The Russell award that year went to John Marshall Holcombe, Jr. In citing him for the award the committee noted, "As the founder and continuous director of the Life Insurance Sales Research Bureau, later the Life Insurance Agency Management Association, he has been a trailblazer in the field of studying human nature in the life insurance sales forces and applying to them the knowledge which American industry had developed in recent years."

The delegates endorsed the selection of vice president Judd C. Benson of Cincinnati as president for the coming year. After graduation from the School of Business Administration at the University of Kansas, he had spent a year teaching high school. He started his career with the Equitable in Kansas, later transferring to the Union Central at the home office agency in Cincinnati where, as a protégé of Vivian Anderson, he became its very successful manager. Woodson remembers him as brilliant, argumentative, often quarrelsome, colorful, vital, and skillful parliamentarian. "After Anderson, Benson was NALU's consummate politician," Barnes believes. "He was not only interested in the politics of the NALU, but also federal legislation. It was practically the only thing that the executive staff worked on the entire year. And I think that was really the first time that the NALU began to have any influence at all in Congress."[xxix]

The influence was considerable. On August 28, 1950, the passage of H.R. 6000 made full-time life insurance agents eligible for Social Security benefits. "No piece of legislation previously received such close and almost daily NALU scrutiny," commented NALU's attorney, James Hallett. This was a significant breakthrough. Until then only industrial agents and managers who were clearly "common-law employees," as well as some ordinary agents whos companies had specifically recognized them as employees, would receive benefits under OASI. Now all career agents could participate. "NALU has worked on this legislation for two straight years," Hallett reminded the agents. 'The fact that the full-time ordinary life agent will be covered as of January 1, 1951, as *an employee*, sharing the tax with his company or his general agent, is due to NALU's legislative effort on this one point which has long been a major item on the agenda." The law stated:

> Any individual who is not an employee under the usual common-law rules and whose entire or principal business activity is devoted to the solicitation of life insurance or annuity contracts primarily for one life insurance company is deemed to be an employee of such company or of its general agent under paragraph (3) of the definition.[xxx]

Although victorious on Capitol Hill, the associated agents still faced a number of battles in the state capitols where there remained much to be done in the field of state legislation regarding the licensing of agents and group life insurance. "Little more than half of the state and territorial jurisdictions require a written examination before the life underwriter may solicit," Hallett pointed out, adding that "only a small proportion of the states have statutes that impose, by law, certain underwriting restrictions on the tremendously expansive and relatively new philosophy of group coverage."[xxxi]

By the end of summer, Charles Cleeton, chairman of the Committee on Membership, was able to announce that there were 51,256 full-time agents enrolled in life underwriters associations throughout the country. John D. Monynahan, manager for Metropolitan Life's debit agency at Berwyn, Illinois, succeeded Benson in September 1950 when the NALU held its 61st convention at the Statler Hotel in Washington, D.C. O. Sam Cummings was given the John Newton Russell Memorial Award.

With the election of Eunice Bush, agent with Mutual life of New York in Baton Rouge, to the Board of Trustees, the NALU had its first woman officer in nearly thirty years. Not since Florence E. Shaal's election as vice president in 1920 had a woman served on the Associations Executive Committee. Long a prominent member of the Quarter Million Dollar Round Table, Bush was the third woman to qualify for the MDRT. She was a popular speaker at association gatherings where she willingly shared the secrets of her success as a saleswoman. In the years since a number of women have served as trustees, including Elsie Doyle of Cincinnati who followed Bush; Ellen Putnam of Rochester, New York; Laura M. Benham of Lewiston, New York; Dorothy B. Austell, Raliegh, North Carolina; Mary Fort of Chevy Chase, Maryland; and Mary Anne Cannady of Walterboro, South Carolina.

The Washington convention was novel in other respects, too. There were a lot of new faces and the setting was not quite what everyone was used to. The Statler was a new hotel, typical of the ones beginning to alter the skylines of cities around the world. Often designated with the idea of capturing the big convention trade, they represented the hotel chain phenomenon spearheaded by Conrad Hilton and E.M. Statler. For those familiar with NALU meeting in the past, this was a new experience. Staying at the Statler meant encountering the Fifties pace with the Fifties look. Guests actuated the unattended, push-button elevators themselves. Here stainless steel and plate glass replaced the familiar brass and mahogany of such grand old ladies as the Drake, the Mayflower or the Bellevue-Stratford. Taxis pulling up to the 16th Street entry were just as likely to come from National Airport as from Union Station. This is the way it was going to be from now on.

With the disruptions of the previous two years well behind them and their recent victory on Capitol Hill, Association leaders displayed more self-assurance than they had a year before in Cincinnati. The opening event was a television broadcast of the "American Forum of the Air," featuring Benson on a panel that discussed "Should Permanent Disability Benefits Be Added to the Social Security Program?" Emanating from the Statler's Congressional Room and telecast nationwide over NBC, the show was rebroadcast for radio listeners the next day over the same network.

The "Iron Curtain," the Cold War and America's military involvement in Korea dominated much of the news in those days. Addressing the American Life Convention on October 4, 1950, NALU President Moynahan said that just as the 38th parallel represented a division between democracy and totalitarianism, life insurance could be thought of as a line of demarcation between dependence and economic freedom. Extending the comparison, he told the company executives:

> The fundamental difference…is whether it is man's responsibility to provide for himself or his right to be provided for. We know in our hearts and minds that the difference between these ideologies in the ultimate is the only difference between liberty and servitude. Our business, as it has existed for the past century, is the finest means available to guarantee, through man's acceptance of his personal

> responsibility, the possession of his personal liberty.

Moynahan's administration witnessed a series of changes in personnel as well as the location of NALU headquarters from the 29th floor of 11 West 42nd Street to larger quarters on the 25th floor. Hallett resigned at the end of the year to join the legal staff of the Travelers Insurance Company in Hartford. He was replaced by Carlyle M. Dunaway, a University of Virginia graduate in his early forties who had seen combat in the Pacific during World War II as a lieutenant in the Navy. In March 1951, the NALU's actuary Gordon McKinney, resigned to become vice president of Security Mutual and by summer there was a new top executive at headquarters. "Benjamin N. Woodson, CLU, of Indianapolis, executive vice president of the State Life Company of Indiana," *Life Association News* announced, "has been appointed to the post of executive vice president of the National Association of Life Underwriters. …Concurrently Ralph G. Engelsman, Penn Mutual Life, New York City, president of the Life Underwriter Training Council, confirmed the appointment of Mr. Woodson as managing director of LUTC. He assumed office on July 1. In both posts he succeeds Edmund L.G. Zalinski, CLU, who on the same date assumed office as an assistant vice president of the New York Life."

While serving the industry in other capacities, Zalinski continued to keep a hand in agent education. Appointed to LUTC's Board of Trustees, Zalinski served as president of the Council in 1954 and later as assistant treasurer. By 1957 he had given up his position with New York Life to become executive vice president of the Life Insurance Company of North America, and for a number of years he was a trustee of The American College of Life Underwriters.

Board members had agreed at the midyear meeting that the position of NALU administrator should be enhanced, not only with a higher salary, but also by giving the chief executive of the Association wider discretionary powers, with is probably one reason Woodson agreed to take it. "It is understood," *Life Association News* reported, "that the NALU Board at its annual meeting in Los Angeles in September will ask the National Council to change the title of this position to that of managing director to broaden the scope of the job, and to effect a five-year working agreement designed to obviate further turnover in the post." Pointing to Woodson's wide experience as an agent, an agency manager and company official, plus his eight years' experience in institutional work, the article provided a biographical sketch of the NALU's new executive:

> As a company official in recent years he has demonstrated an unusual degree of interest in institutional affairs. He is a "charter" director of the LUTC, is one of its founders, and completed a year as president of the organization only three months ago. He recently completed three-year term as director of the LIAMA. He was elected a member of the executive committee of the Life Insurers Conference in 1949 and served for one year. He is widely known and is in great demand as a speaker before life insurance and civic audiences.
>
> The new NALU executive vice president was born in Kansas 43 years ago last week and entered the life insurance business in Omaha nearly a quarter of a century ago. From there he migrated to Chicago, where he served the Mutual Trust Life in a variety of capacities from assistant to the president to regional director of agencies including a term of office as a manager for that company in Seattle.[xxxii]

The article concluded with a summary of Woodson's more recent career, mentioning his work with the Research Bureau and as a company executive.

Few ever called him Ben. Almost universally he was known as "Woody." Whatever preconceptions they may have had, members of the staff soon learned that Woodson was both well-organized and exacting. He had enormous energy and limitless capacity for detail. A gifted writer as well as a natural rhetorician, one of his first acts was to introduce his column "The Back Page" into *Life Association News*. Drawing the readers' attention to the myriad uses and benefits of life insurance, with a full supply of inventive marketing stratagems, these sparkling essays were immensely popular—so much so that the column was repeatedly revived during the years following Woodson's departure from NALU headquarters. Reappearing in *Life Association News* during the 1960s and again in 1981, it is still being published in the monthly issues of the Association's magazine.

At the NALU convention that fall in Los Angeles, a completely surprised Charles J. Zimmerman was given the Russell award and Charles E. Cleeton, general agent for Occidental life at Los Angeles, became president of the National Association. Cleeton had long been active in NALU committee work. Short of stature, he was a strong personality who held considerable sway in association circles and exercised a heavy influence over members of the NALU board.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xv] LAN, April 1948, pp. 679.

[xvi] LAN, April 1948, pp 666-667

[xvii] Barnes: Interview Washington, D.C. March 1985.

[xviii] Buley, The American Life Convention, 1906-1952, Vol. II n., p. 1030.

[xix] LAN, April 1949, p. 693.

[xx] United States Review, April 2, 1949

[xxi] Buley, The American Life Convention, 1906-1952, Vol. II pp. 1030-1032

[xxii] Barnes: Letter to the author, January 12, 1989

[xxiv] Barnes: Op. Cit,

[xxv] LAN, March 1949, p. 627

[xxvi] Woodson: Interview, July 1985

[xxvii] United States Review, August 8, 1954, p.2

[xxviii] LAN, May 1949, pp. 797-798.

[xxix] Barnes: Interview March 1985

[xxx] LAN, September 1950, p. 9.

[xxxi] Ibid., December 1950, p.9.

[xxixi] LAN, July 1951, p. p. 884

Voices from the Field

GAMC Formally Organized

It was the 1951 convention that finally approved the creation of the General Agents and Managers Conference (GAMC). Its organization was a natural outgrowth of the long tradition of having all-day sessions for those in agency management at the annual conventions, which itself was the product of general agents and managers organizing at the local level during the 1920s—even earlier in some places. The development was inevitable. Originally, general agents and managers dominated the life underwriters associations. During the earliest period, some associations did not even admit "soliciting agents" to active membership. As the associations became more mixed in membership, there was less room in programming for the special interests of agency management. Consequently, the general agents and managers started supplementing regular association activities with special programs to accommodate their particular needs.

The year before, at the convention in Washington, the National Council had voted on a change in the Association's bylaws that opened the way for permanent organization on the national level. There was considerable discussion the convention floor with W. Thomas Craig of Los Angeles, chairman of the newly formed Committee on General Agents and Managers, proposed creating two sections within the NALU "to be known as the Agents' Section and General Agents' and Managers' Section." The final motion of the amendment was approved.

The amendment gave the general agents and managers considerable latitude. At the midyear meeting in Minneapolis the following spring Craig, in reporting on the progress of his committee, noted the amendment provided "that the General agents and managers Committee shall establish such rules and regulations for the conduct of their affairs as they may deem advisable, including the selection, election or appointing of officers, governing bodies, and sub-committees, providing, however, that rules and regulations shall be approved by the Board of Trustees of the National Association of Life Underwriters."[xxxiii]

By the time of the Los Angeles convention, the stage was set for the formation of permanent group. Calling for a dissolution of the standing committee, Carlton W. Cox chairman of the Committee on Bylaws, introduced the measure. *Life Association News* reported:

> Mr. Cox then introduced the next amendment to change the name of the General Agents and Managers "Committee" to "Section." There was lengthy discussion form the floor in opposition to this, the fear being expressed that the word "section" might be construed to indicate a split or division in the Association's ranks. An alternate suggestion was presented to the chair by Gerard S. Brown of Chicago, who believed the word "conference" should be substituted for "section"…The motion was approved by the council.[xxxiv]

The new organization conducted its first major program during the NALU midyear meeting with a luncheon in the North Terrace at Chicago's Edgewater Beach Hotel on March 17, 1952. Already, the conference could claim 3,500 paid members. Charles W. Campbell, chairman, introduced the guest speaker, Holgar J. Johnson, president of the Institute of Life Insurance, who spoke on "Today's Challenge to Field Management." He emphasized that much of the success of an agency stems from the attitude of the general agent or manager. "He must be genuinely interested in his people, wanting to see them succeed," Johnson said. The afternoon was devoted to hearing a number of speakers on the problems of agency management.

Equally significant for the future development of the NALU was Cleeton's proposed building fund to buy a permanent headquarters for the Association. The Board of Trustees has apparently already instituted a "study" on the feasibility of relocating the Association's offices, at Cleeton's behest. Pointing out the annual rent for the New York offices amounted to $22,500 Cleeton told the delegates, "After 63 years of existence as a highly constructive forced in the life insurance business, I, as well as many others, have felt that like any good American family, we should own, rather that rent our home." The delegates endorsed the idea, the NALU Memorial Building fund Campaign was authorized and in August the Association's magazine began publishing lists of "Charter Builders"—those who had contributed $100 or more.

An all-time high of 8,849 agents qualified for the National Quality Award in 1952. The NALU held its 63rd annual convention in Atlantic City that September. David B. Fluegelman of New York City became president, Grant Taggart

(the Will Rogers of the insurance industry) received the Russell award, and NALU secretary John Marsh was named chairman of the newly formed General Agents and Managers Conference (GAMC), which now had over 4,000 members. In his annual report Cleeton disclosed that, so far, $111,071 had been raised for the building fund. The goal for the end of the year was $300,000.

Association leaders heard some depressing news about the NALU's finances at their midyear meeting in Chicago's Drake Hotel on April 14, 1953. Treasurer Osborne Bethea informed them that the Association was operating on a deficit of $9,550. (Even so, it was not without opposition that at the annual convention the following August, an amendment in the bylaws increased dues from $4.00 to $6.00 per local member.) More bad news came in the form of Woody Woodson's surprise announcement of his resignation as managing director. He had been offered the position of president of American General Insurance Company in Houston. Assuring the delegates that he found the position rewarding and that he had undertaken the job with every expectation of staying many years, he explained that he had received, "unsolicited of course, a business opportunity which seems irresistibly attractive…that I cannot in logic or reason forego." Emphasizing the point, he added, "From this you will realize…that my decision is entirely for affirmative reasons, and not at all for negative reasons."

The board devoted all of April 17 to deciding the future site of NALU headquarters. Many places were suggested, Chicago and New York receiving special consideration. Reporting the results of the meeting, *Life Association News* informed its readers:

> The ultimate decision to locate NALU's headquarters in the nation's capital at Washington, D.C., has since been applauded by a vast majority within and outside the Association as one of great wisdom and foresight. The exact site for the headquarters location has not been selected, but it is believed that the choice will be made in advance of the NALU's annual convention which will take place in Cleveland, August 24-28. [xxxv]

Events proved the view from headquarters wrong. The delegates at the NALU convention that fall failed to endorse the board's decision and asked for further study of the question.

Meanwhile, the Association found itself without a chief administrator. To fill the gap after Woodson vacated his office in June, Max Hoffman was named "acting managing director." Lawrence W. Jackson, who had been assisting Hoffman since January 1950, became director of field services. Eleanor Dowling continued to assume more managerial responsibilities during this period and traveled extensively to address local groups. By this time, Partridge had complete charge of the magazine.

At the same time, Loran E. Powell was named managing director of LUTC. A former debit agent, Powell had considerable experience in recruiting and training agents at the Gulf Life's agency in Augusta, Georgia. Having joined the LUTC staff as administrative assistant in 1950 he subsequently became director of promotion where his congenial spirit helped immeasurably in assuring the continued growth of the program during the post-Zalinski era.

It wasn't until October, however, that the board succeeded in persuading former NALU president Lester Schriver to take over the management of the Association. Hoffman became comptroller, taking full responsibility for the NALU's accounts. Schriver stayed on as executive vice president until 1961.

In one of the Association's most dramatic moments, the delegates at the 1953 convention elected Robert C. Gilmore, Jr., agent for Mutual Benefit in Bridgeport, Connecticut, to serve as president. His nomination was a maneuver on the part of the nominating committee to avoid a constitutional crisis that could split the Association in two. Even so, a bitter and divisive fight on the convention floor seemed inevitable. In his article, "Convention Digest at Press-time," Bill Jones explained the situation:

> Ordinarily, the presidential nominee would have been John D. Marsh, CLU, of Washington, D.C. who served during the past administrative term as NALU's vice-president, but because of opposition to Marsh's selling of securities in connection with his agency's estate planning work, he was not endorsed for the post. Gilmore, who had been serving as NALU secretary and otherwise would have been named vice-presidential nominee, was moved into the top position on the slate of nominees…
>
> Up to this point, it had been a foregone conclusion of most delegates and members that Marsh's backers would nominate him from the floor and that a bitter contest for the presidency would ensue. The situation was viewed with great trepidation in most quarters for fear that the controversy would create a dangerous rift within the Association.
>
> It came as a complete surprise, therefore, when Mr. Marsh asking for the privilege of the floor, rose to

> second the nomination of Mr. Gilmore. His seconding statement was greeted with a thunderous ovation from the National Council who rose to salute his superb statesmanship.[xxxvi]

In his acceptance speech, Gilmore praised Marsh for his warmhearted generosity. “He has labored long and well for the NALU over the years,” Gilmore said. “He has won our respect, our friendship and our admiration.” Elaborating on Marsh’s behavior at the moment of decision, he observed, “As the crisis of disagreement deepened, he was in a position to carry his contention for what he believed to be right to the floor of this Convention. But instead, he sublimated his own interest, his own personal gain, his own ambition and desires. He did this because his respect for this organization and its objectives would not permit him to widen the areas of disagreement and permit bitterness and strife to enter in.”[xxxvii]

Recalling the incident years later, Marsh said, “it upset a lot of people, of course. The Million Dollar Round Table leaders were furious. They had planned a huge reception. My company was mad, and I was crushed.”

The conflict reflected a controversy developing within the industry at the time surrounding innovations in insurance products that carried some risk. With a decided preference for permanent life insurance, the more conservative agents wanted nothing to do with anything that was not fully guaranteed. People like Marsh, however, believed in offering their clients investment opportunities, as well as financial protection. Far ahead of most of their colleagues, they envisioned a new kind of insurance—interest-sensitive contracts—anticipating the time when investment-oriented products such as universal life and variable life would become industry commonplaces. The move was actually already afoot. In 1952 the College Retirement Equities Fund (CREF) was established as the first variable annuity fund, and in 1954 the Participating Annuity Life Insurance Company offered the first variable annuity contracts to the general public. In a 1955 article published in *Life Association News*, Houghton Bell, general counsel for Mutual of New York, explained:

> A variable annuity is an annuity supported by a fund which is invested in common stocks, in whole or in substantial part. The benefits may be payable along the general lines of the benefits under a conventional annuity—as a single life annuity, as a life annuity with a guaranteed period, or as a joint and survivor annuity. But they differ from the benefits payable under a conventional annuity in that they are not paid in guaranteed dollar amounts.

The trend toward interest-sensitive products was impelled by the nation’s inflationary economy. The continuing devaluation of the dollar was a common concern of investors and the insurance–buying public alike. Traditional life insurance was beginning to feel the pressure of competition. As Bell pointed out, “The questions before the life insurance industry today are whether this field will long remain unoccupied, and whether, if it is to be occupied by anyone, it should be the life insurance industry or some other competitive industry.” Bell reminded his readers that the question was no longer academic, since bills providing for the incorporation of companies empowered to sell variable annuities were being considered by several state legislatures, including New York.[xxxviii]

The move to block Marsh’s ascendancy originated in his own District of Columbia Association, where the association’s president, C. Carney Smith, and other local leaders thought it inappropriate that someone espousing these experimental innovations should represent the NALU in an official capacity. In addition, Marsh’s choice of a replacement for Woodson had earned the displeasure of Smith and his staunch Republican friends. Smith explained years later that Marsh’s choice, Donald Dawson, had achieved notoriety in the Truman years when he was a counsel at the White House. Implications that he performed political favors for which he and his wife (a former movie actress) had received valuable gifts had forced Dawson to resign. “John Marsh brought Donald Dawson to Cleveland as the new executive vice president,” Smith recalled. “Everybody was in an uproar and I was asked if I had any information on it. So, I had my secretary go to Capitol Hill and copy from the Congressional Record the testimony about Donald Dawson. As a result, the prevailing feeling was that this was a bad choice, considering that Eisenhower had just been elected to the presidency. You would have a Republican president and the operating head of an organization would be a guy tainted with scandal on the Democratic side.”[xxxix]

To some extent, the opposition may have been personal. Marsh was aristocratic by temperament. A hard-nosed businessman, supremely confident of his own ideas, he shared little of the sentimentality that often surrounds the promotion of life insurance. It probably never occurred to him to cultivate friends in association circles by offering to compromise or make conciliatory gestures. Commenting years later, Marsh said he believed the agents’ conservatism cost them much prestige in the industry. “They could not recognize that the business was changing; that the people were not using their life insurance company as an investment end,” he recalled. “I was trying to regain the field for insurance. The vast majority of the field force didn’t foresee what inflation was going to do to the life insurance business. No wonder companies stopped listening to the field force. The agent should be the most important person in the industry, but he has been gradually shunted aside because most of them haven’t kept up and recognized what’s going on.”[xxxx]

Marsh continued to pursue his ideas. In 1955, he organized the Variable Annuity Life Insurance Company of America. It is one of the ironies of Association history that in 1967 the District of Columbia Association gave Marsh its coveted Bernard L. Wilner Award for his bold innovations in insurance marketing. In citing him for the award Leopard Freudberg noted, “He was among the first to foresee the merchandizing of equity-type investments by life insurance companies—a trend which is now gaining in momentum and acceptance within the industry.”

At the 1954 annual convention in Boston, Vincent B. Coffin, long recognized as a champion of agent education, received the Russell award and Robert L. Walker, district manager for Peninsular Life at Orlando, Florida, became president of the National Association. Walker was not a typical NALU president. After working as a debit agent in his native South Carolina, he enjoyed considerable success as a trainer of agents for Peninsular Life in the southern coastal states and the British West Indies. In his fifties and becoming somewhat bald, shortly after taking office Walker married his secretary, Josephine Lettice, of Orlando. The wedding at Winter Park Methodist Church that December was an NALU first. No other president of the Association had ever married while in office.

Before the year was out there were two additions to the headquarters staff. In August the name of NALU’s associate counsel John Taylor Bigbie appeared on the masthead of *Life Association News*. His appointment undoubtedly freed Dunaway of a good percentage of the Association’s legal workload. Since the fall of 1953 when Lawrence Jackson had accepted the post of executive assistant fo the General Agents and Managers conference, the NALU had been without a director of field services. Consequently in October 1954, Schriver hired Ann Bickerton of Peoria, whose background was in public relations and promotional work, to fill that position. She proved both energetic and effective. Giving the local executives long-over-due recognition, she succeeded admirably in helping local associations improve their organizational structure and develop productive headquarters staffs.

NALU’s genial director of public relations, Wilfrid “Bill” Jones, died on December 30, 1954, at the age of fifty-four. Never a disciple of the temperance movement, he had, in fact, been ailing for some time, though no one suspected his illness was so serious. “While he was retained by the NALU until the time of his death,” *Life Association News* explained, “his disability precluded his active service during much of the past year.” Recalling his years of service to the Association, the article concluded, “Bill Jones will long be remembered for his unusual capacity for making and holding friends, and for his ability to originate and promote projects in the interest of the entire industry.”[xxxxi]

By the end of 1954 serious opposition to moving the NALU headquarters to the District of Columbia had ceased. Julian Myrick, one of the last holdouts for remaining in New York City, had selected a suitable Park Avenue site with excellent investment potential. Perceiving the majority preferred a Washington location he lost interest and quietly resigned from the committee. Osborne Bethea took Myrick’s place, and Cleeton and his committee were now free to go ahead with their plans for an imposing, monumental structure within sight of the Mall and the Lincoln Memorial. It had been three years since Cleeton had first proposed the move. A little over 11,00o local members had contributed to the building fund. (This represented less than 20 percent of the total membership.) By the end of 1954 a total of $286,000 had been raised. In February, 1955 *Life Association News* reported:

> A week or two ago, following a presentation of the case by NALU President Robert L. Walker, CLU, and other Association representatives, the five-man Zoning Commission of the District of Columbia voted to rezone the site that was selected and which is located at the southwest corner of 22nd Street and C Street, N.W., restricting it to memorial type buildings.
>
> Thus it had become a *fait accompli* that the purchase is officially completed at a price of $108,000. Former owner of the property is the Acacia Mutual Life Insurance Company of Washington, D.C. The deal is signed, sealed and delivered.[xxxxii]

Association leaders got a chance to view the architect’s sketch of the proposed structure at the midyear meeting in Columbus, Ohio, during the week of March 20, 1955. Rectangular in shape with minimal adornments, it was to be a concrete and marble structure of plain design and monumental proportions, resembling some of the more imposing buildings that have since been constructed in that part of Washington. As finally conceived, plans called for 24,000 square feet over four stories.

In August, when the NALU held its annual meeting in St. Louis, the Building committee was authorized to negotiate a building loan of $432,000 to meet increased projected costs. “The campaign to raise funds to cover the cost of the building,” *Life Association News* reported, “had taken on new momentum and concerted drive among the membership-at-large is getting underway. (More than $7,000 was obtained and pledged at the convention alone!)” In giving the John Newton Russell Memorial Award to Cleeton, the committee cited especially his “service above and beyond the call of duty in bringing into being NALU’s new home in Washington.”

Stanley C. Collins of Buffalo was elected president for the 1955-1956 association year. An agent for the Metropolitan, he was the first active “home service” agent ever elected to that office. “I view my election as a tribute

to the combination agent who, he declared, “is almost alone in protecting the lower-income families where death can bring about economic privation…”

By September 1955, James Partridge was no longer editor and business manager of *Life Association News*. In what was evidently a major shake-up in staffing, Marvin A. Kobel became editor and business manager, Royal N. Preston was hired as advertising manager for the magazine, and Pugh Moore was named director of information. A few months later Sam P. Gaglio, formerly editor of *Insurance Field*, joined the magazine staff as associate editor.

Besides their youth, these men had much to recommend them. A graduate of Vanderbilt University, Moore, as an Associated Press executive in New York, handled AP’s public relations from 1946 to 1953. Kobel had worked for *Insurance Field* as a staff reporter in Louisville where he got to know Gaglio. Since 1948 he had been with the publications division of Metropolitan Life. A native New Yorker with a bachelor’s degree in journalism from the University of Wisconsin, Kobel had also attended graduate school at New York University’s New School for Social Research. A bachelor, Gaglio had graduated from the University of Michigan in 1941 and served in the Pacific during World War II. After the war, he worked as a reporter for the *Port Huron Times Herald* before joining the staff of *Insurance Field*.

The new talent on the staff effected an almost overnight change. *Life Association News* not only began arriving on time, but also took on a more professional appearance. It presented lucidly written, informative articles and more complete and selective coverage of Association and industry news. Instead of playing the mendicant to the companies, as Bill Jones had done for years, Preston set about marketing advertising space in a more businesslike manner, bringing the publication much-needed income. Kobel and Gaglio especially would prove invaluable, permanent assets in the management of the NALU’s affairs. With Moore’s departure in 1959, Gaglio took complete charge of the magazine, making dramatic improvements in format and content, until it became one of the most respected publications in the business. During his twenty-two-year tenure, *Life Association News* brought the NALU millions in advertising income. At the same time Kobel began developing the NALU’s public relations arm into an effective voice of the agents and undertook to produce the NALU’s annual conventions. During the next thirty years, the association would benefit in a variety of ways from his abilities as a promoter, a publicist and an organizer. The well-coordinated succession of work sessions, entertainments and spectacle that characterize the Association’s annual meeting today is largely the product of Kobel’s experienced eye and imaginative foresight.

By the beginning of the new year, work had still not begun on the proposed headquarters building. In March, *Life Association News* announced that the Association and LUTC would be moving to rented quarters in Washington that spring. The two organizations would occupy the 10th and 11th floors of 1800 H Street, N.W.

When association leaders gathered for their midyear meeting in Hartford in March, the board authorized the building committee to proceed with construction of the proposed structure. But its hands were still tied since neither the Fine Arts Commission nor the District of Columbia Building Commission had approved the plans.

The delegates had arrived amid Hartford’s heaviest snowstorm in a decade. Besides discussing plans for the new headquarters building, the agents focused on the legislative developments in group insurance and recommended “legislative safeguards and administrative controls set up immediately by each to be invoked in the event variable annuity contracts are legalized.” At one point their deliberations were interrupted. “The news that Charles J. Zimmerman, one of the most famous and highly regarded figures in life insurance, was going to resign as managing director of the Life Insurance Agency Management Association and be elected president of the Connecticut Mutual Life,” stated the Eastern Underwriter, “could not have become public under more dramatic circumstances.”

As soon as the meeting was over the NALU’s headquarters staff set about preparing to leave for their new home in Washington. As of April 27, 1956, the NALU’s address was no longer 11 West 42nd Street, New York City, as it had been for twenty-eight years.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxiii]33 LAN, May 1951, p. 884

[xxxiv] Op. Cit., October 1951, p. 125.

[xxxv] LAN, May 1953, p. 37.

[xxxvi] Ibid., September 1953, p. 16

[xxxvii] Ibid., p.17

[xxxviii] Op. Cit., May 1955, pp. 42-44

[xxxix] Smith: Interview, Washington, D.C., May 2, 1985.

[xxxx] Marsh: Interview, Gainesville, Virginia, May 1985.

[xxxxi] LAN, February 1955, p. 47.

[xxxxii] Op. Cit., p. 39

Voices from the Field

The NALU Goes to Washington

"Increasingly, the future…will depend upon activities not directly related to the sale of life insurance. The future of the agency system may rest on the activities of such committees as Public Service, Public Relations, Federal Law and Legislation, State Law and Legislation, and others."

—C. Carney Smith

THE H STREET BUILDING faced a tree-shaded square intersected by Pennsylvania Avenue, a few blocks west of the White House. Schriver and his staff occupied the entire tenth floor. The LUTC occupied the floor above. The arrangement was symbolic as well as practical. Though relations between staff members were amicable enough, on the official level the LUTC had found it necessary to reaffirm its independence. Only a few months before the move to Washington, the two organizations had settled their long dispute over student eligibility. Among Association leaders there had been strong sentiment for restricting enrollment in LUTC courses to members of life underwriters associations. Even though both the NALU ad the LUTC boards had issued calls urging LUTC instructors to recruit members for the sponsoring associations in their classes, the LUTC leadership was adamant that enrollment be kept as open as possible. The situation grew tense until finally in December 1955, the two organizations issued a joint statement to local presidents over the signature of the NALU president Stanley Collins making it clear that Association membership was not a prerequisite for enrollment. He pointed out that the program was institutional in nature, jointly sponsored and initially financed not only by the NALU but also by the American Life Convention, the Life Insurance Agency Management Association and the Life Insurance Association of America. The agreement noted that "more than 275 companies provide LUTC scholarships for their field men who enroll." It would be wrong, the agreement stated, to ask the companies to discriminate among the members of their field forces in awarding these scholarships. Declaring that the LUTC courses must remain accessible to all, the agreement concluded:

> In order that there may be the fullest possible cooperation between the two organizations, however, LUTC will employ as instructors in classes sponsored by NALU's local associations only those persons who are members of NALU, unless such instructors are not eligible for membership in such local associations; provided that any instructor nominated by a local association must meet all qualifications for instructors established by LUTC. Moreover, to the extent consistent with the above recited points, LUTC agrees that it will use its best efforts to encourage its students to seek membership in NALU.
>
> Finally, it is mutually agreed that all staff members representing both NALU and LUTC shall exercise every reasonable effort to promote the interests of both organizations.[i]

There were also some very practical reasons for the LUTC occupying all 4,656 square feet of the 11th floor at 1800 H Street. The program had grown enormously during the nine years since its foundation. With over 16,000 students enrolled in 826 classes in 1956, the Council's Managing Director Loran Powell and his staff of nearly thirty needed that space. Expanding insurance markets and the popularity of the LUTC courses dictated additions in curriculum as well as personnel. What was later more generally termed "health insurance" was usually called sickness and accident insurance at this time. As the companies during the 1950s continued developing improved plans for this type of coverage, life insurance agents made an aggressive entry into this field. Responding to the need for more expert knowledge of its marketing potential, in the summer of 1956, Powell hired Thomas B. Baugher, formerly of the Berkshire Life in Baltimore, to assist in developing an accident and sickness course.

A number of staff members had followed their jobs to Washington. After the move, John T. Coggins, Jr., a former field underwriter form Newark, New Jersey, replaced Pasquale Quarto as director of training. In 1957 there were 17,526 men and women enrolled in 804 first and second year LUTC Life classes, and 112 in the Accident and Sickness classes, in every state in the Union, Alaska, Hawaii, Puerto Rico and the District of Columbia. That summer three young administrative assistants were added to the executive staff: Merritt L. Schriver (Lester Schriver's son); Warwick M. Carter, formerly an agent with the Penn Mutual in Washington; and John B. O'Day, who had been a brokerage manager for the Prudential in Washington. Commenting on its ten-year history of service to the industry, Eleanor Dowling wrote, "The Life Underwriter Training Council had become a power in and a pride to the life insurance industry. Even more important, it had become a stepping stone to increased production for more than 75,000 field underwriters. And all this in the short space of ten years!"[ii]

The move had occasioned some changes in Schriver's staff, as well. Eleanor Dowling decided to remain in New York where she joined the editorial staff of *Medical Economics.* During the year following the NALU's settling in the nation's capital, Herbert G. Keene joined the staff as business manager, Elsie Johnson became cashier, Hal Currier (whose background was acting) was put in charge of membership promotion and George Wittie was hired as supervisor of membership records. In 1959 Johnson's title was changed to comptroller, and Lee P. Derkay joined the staff as administrative assistant.

In October 1956 Donald A. Baker was named executive director of the General Agents and Managers Conference. At one time he had served as director or the Indianapolis Association of Life Underwriters. More recently, Baker had been managing editor of *The Insurance Salesman*, a trade journal based in Indianapolis. His task would not be a light one. This was a rapidly growing organization. During the next year, membership in the GAMC exceeded the 3,000 mark. By the end of the decade Nancy K. Grobert replaced Baker and the Conference had 155 local units with a total membership of 5,516.

September 1956 marked the fiftieth anniversary of *Life Association News*. Also celebrating its fiftieth birthday was the 8,300 member Life Underwriters Association of Canada, which had recently instituted its own "Life Underwriters Association Training Course." Not only was their program inspired by the American LUTC courses, but Powell and his staff supplied the Canadians with texts and instructional materials to get their program started. In an article appearing in *Life Association News* in 1958, Leslie W. Dunstall, executive vice president of the Canadian association, commented, "The impact of LUTC on the LUATC program in Canada is obvious; so is the effect today of LUATC on the Canadian life insurance scene. So we in Canada once more say 'many thanks' to our American brethren for lending a helping hand and inspiration in our common cause to serve the public better."[iii]

During the NALU convention at Washington's Statler Hotel in late September the Membership Committee reported there were 668 local associations affiliated with the NALU having a membership totaling nearly 65,000. Griffin M. Lovelace, a pioneer insurance educator, received the Russell award for that year. During his long career Lovelace had headed agent training programs for both Connecticut Mutual Life and New York Life, but it was as the organizer of the life insurance school at Carnegie Institute that he is chiefly remembered. The delegates elected A. Jack Nussabum, agent for Massachusetts Mutual in Milwaukee, to serve as president. Born in Glasgow, Scotland, he was a fiddle-playing member of the MDRT, highly respected in the business and a faculty advisor to Purdue University's Institute of Life Insurance Marketing. "He was small in stature, proud of his Jewish ancestry and of his Jewish religion," Benjamin N. Woodson recalls, "He had a great sense of humor and a wonderful collection of stories, many of which I stole from him and still tell. He represented the personal producing agents and, although he was good at such things as trusts and wills and estates and the like, he could talk the language of the home service and of the average agent, which added to his popularity and helped make him a very effective president. I remember him very warmly."[iv]

Friday, September 28, was blustery, cool and damp in Washington but the several hundred Association leaders gathered on the C Street building lot for a ground-breaking ceremony didn't seem to mind. A number of dignitaries representing the federal government and civic organizations attended. Members of the press were there as well as a band and the Armed Forces Color Guard. Amid the flashing cameras Cleeton and Nussbaum each braved the cold to shovel symbolically where it was hoped more earnest earth-moving would soon be underway.

To coincide with the ground-breaking, the Building Committee was pleased to have Marvin Kobel's publicity office and Sam Gaglio's staff combine forces to produce a special "New Building Issue" of *Life Association News*—"Marking the Construction of NALU's New Washington, D.C. Headquarters Building," according to the title page. Elegantly printed on high quality stock, this one-hundred-four-page book featured the architect's sketches of the proposed building (both interior and exterior),commendations from former Presidents Hoover and Truman, as well as President Eisenhower's congratulatory message, and testimonials from prominent industry leaders endorsing the NALU's aspirations for an impressive national headquarters housed in a structure of monumental design. Also included was a history of the building project, and Max Hoffman contributed a historical sketch of the Association. "It is hoped," Kobel wrote, "that this special issue will be prized everywhere as souvenir that commemorates an eventful chapter in life insurance history and as a permanent record of the contributions of the American life insurance underwriter."

Events were to prove the agents' optimism about an early construction date premature. In July an article appearing In *The Washington Post* headed "State Department Plans Land Annex Deal," had already informed the public:

> The plan was explained during testimony to a House Appropriations subcommittee on State's request for $55.6 million to build an annex on four blocks bounded by C, E, 21st and 23d sts. nw…
>
> The planned land transaction involves the National Association of Life Underwriters and Conger's

> Laundry.
>
> Starting in September, the underwriters plan to building an office building on the northeast corner of 22d and C sts. nw., facing the proposed diplomatic entrance of the annex building. This is considered objectionable by both State and Federal building and planning officials.
>
> The plan is for the Government to buy two lots on the south side of C st. nw., between 22d and 23d now occupied by the laundry firm. General Services Administration is requesting $300,000 to buy the lot….
>
> The underwriters would then be permitted to build their building on the Conger property, in line with and to the rear of the American Pharmaceutical Association building which faced Constitution Avenue, North West, to the south. In return the underwriters would pay the $ 40,000 cost of leveling off the site they had planned for their office building.
>
> The trade association also would pay the cost of upkeep of this section.[v]

By the beginning of the new year, however, construction had not begun and although the building fund campaign continue, there had been no transfer of land nor had the necessary building permits been issued. In March, at the midyear meeting in Roanoke, Virginia, Cleeton told the delegates, "When current agreements with the Federal Government concerning an exchange of parcels of land in Washington, D.C., are carried out, NALU expects to acquire within a reasonably short time one of the most desirable sites in the Nation's Capital for the new headquarters building and to begin construction soon after." The following September *Life Association News* informed is readers, "A larger site and an even more attractive location for NALU's new Washington, D.C. Headquarters Building is assured as a result of President Eisenhower's signing of Supplemental Appropriations Bill No. 1957." The bill provided funds for the State Department to buy the land adjoining the NALU's lot.

It was during the 1957 midyear meeting in Roanoke that the National Council approved a proposal of the NALU Bylaws Committee that state life underwriters associations be admitted into membership in the NALU instead of being merely "affiliated" with the national organization. Gordon V. Hockaday of Spokane, Washington, chairman of the Bylaws Committee, explained, "The intent of the proposed Article VI is to recognize State Associations in the NALU constitution without jeopardizing their autonomy within their State borders." The amendment was subsequently adopted at the national convention in Detroit, on September 19, 1957.[vi]

May 1957 found many of the Association's leaders in the North Atlantic when the MDRT members injected an element of novelty into their annual meeting by holding it on board the Swedish-American line's Kungsholm. It was a chartered five-day cruise to Bermuda. *Life Association News* reported:

> Luck was with the 460 MDRT members and their guests as they left the port of New York. Sailing under sunny skies and in calm seas, the "sailors" went "cabin hopping" to attend business meetings and listen to topnotch underwriters describe their techniques in selling life insurance, ranging from simple family protection to complex estate plans. In Bermuda, they spent two days sightseeing and playing golf.
>
> Although MDRT membership this year hit an all-time high of 2,013 compared with last year's 1,557 committeemen in charge of the cruise had to turn down less than 50 members who wanted to go on the cruise. Space allocation had been made on a first-come, first-served basis.

Obviously, everyone thoroughly enjoyed the experiment. The MDRT used the Kungsholm again for their annual meeting in 1963. The organization ventured farther abroad in 1967 when these large volume life insurance salesmen and women devoted five days to a program of seminars, lectures and idea sessions in Lucerne, Switzerland.

The NALU's continued efforts to spread the Association movement internationally is evidenced by its wholehearted support of the two-year-old Puerto Rico Association's sponsorship of an Inter-American Conference at the Caribe-Hilton in San Juan on May 13-16, 1957. Besides trying to stimulate interest in forming associations in the Caribbean, representatives of the NALU, LUTC and other segments of the life insurance business met to consider the possibility of having an Inter-American Association of Life Underwriters, with a proposed membership drawn form the ranks of underwriters of both Latin and North American countries. Over a hundred life underwriters from both hemispheres attended. Thus encouraged, the group held a conference the following year in Miami.

Although no such international organization has yet been formed, these meetings engendered much good will and occasioned the NALU's helpful influence in organizing life underwriters associations abroad. It is likely that the

unstable political situation in the region during this period ultimately frustrated the life underwriters' plans for internationalism. Just weeks after Batista's flight from Cuba in January 1959, *Life Association News* announced that the third Inter-American conference of Life Underwriters was scheduled for May 5-8 at the posh Havana Hilton. Noting the "growing interest in professionalism" among agents in Latin America, the Article explained:

> The Havana meeting will, as in the past two years, attract delegates and visitors not only from Latin America but also from the United States and Canada. Speakers will examine problems facing the business, share ideas on how to sell life insurance, and discuss ways and means to advance their profession….
>
> In fact, it is the goal of conference leaders to establish an organization similar to NALU and it affiliated local associations. These leaders look to NALU for counsel and direction in achieving their goal.
>
> One NALU staffer who works closely with Conference leaders is Mrs. Ann Bickerton, director of field services. Recently she received a letter from conference president Joaquin Villodas Bird of Havana.
>
> In his letter he assures her that despite the recent political turmoil Cuba the Havana meeting is expected to proceed normally. He writes that Cubans are now looking forward to an era of peace and stability.
>
> "Sights of the new government," he points out, "have been set high toward a goal of better standards of honesty and service to the people. Men chosen for government positions are all known for their reliability and trustworthiness, and Cubans are putting their faith in them with high hopes."[vii]

Twenty-four U.S. representatives participated. Oren Pritchard, who was president of the NALU that year, took an active part as well as Bickerton, Loran Powell and NALU trustee R.B. Walker. Pritchard spoke on "Social Functions of Life Insurance in America," and Walker presided at one of the morning sessions. All together there were 204 agents and managers from 12 Latin American countries, Canada and the United States. The group appointed a bylaws committee composed of a representative form each participating country and planned a July meeting for 1960 in Caracas, Venezuela. "Drawing up an acceptable set of bylaws has so far been the major stumbling block to the formation of an inter-American organization," Bickerton explained. "Political situations and modes of operation vary widely in each Latin America country. Any constitution and bylaws drawn up by even an non-political group, such as the life underwriters, should be acceptable to the various governments."[viii]

Years later Bickerton commented, "We made many wonderful friends there—highly successful agents, eager to raise the standards of life underwriting in their countries." (In the months following, a number of their Cuban friends found themselves in boats—refugees escaping political persecution.) The concept of an inter-American association remained alive for a while longer. Bickerton and others from North America participated in the Caracas meeting the following year. But that was the last one in which the NALU participated. Nevertheless, the inter-American conferences helped sow the seeds of the Association movement in the Caribbean and in other part of Latin America. Where the NALU was not actively involved, it at least served as a model. Since then, agents and agent groups of Latin America have attended NALU conventions and kept up an interest in the American organization's progress.

Life underwriters associations had a long history of promoting civic projects, contributing to local charities and encouraging community welfare efforts. Over the years members had generously given their time, money, and talent, using their influence in the community to support educational, cultural and artistic institutions in their region. More than once an association's organized efforts had saved a Community Chest campaign or a hospital building fund drive. Sometimes this civic-minded philanthropy was undertaken in conjunction with other institutional publicity projects, such as the annual Life Insurance Week. In 1957 the NALU joined the Institute of Life Insurance in giving formal recognition to this tradition with the institution of the Public Service Program. Early in the year, Dr. Louis I. Dublin, consultant on health and welfare a the Institute of Life Insurance, announced the first Annual Public Service Award to be given to three associations that merited recognition for outstanding contributions in "advancing the public welfare."

The original awards went to the life underwriters associations of Dallas, Omaha and Jonesboro (Arkansas). Dallas won top honors among large associations for its educational and fund-raising "Cancer Crusade." Omaha won first place among medium sized associations for training volunteer solicitors in the city's United Fund campaign. Jonesboro topped the small association entries by having all its fifty-two members participate in the County Heart Fund drive. In presenting the awards at the NALU's annual convention that September, Dublin said, "What is particularly gratifying to all of us is the favorable reaction from the leaders of the communities served. Again and again we have been told that insurance men and women are the backbone of the effort when local campaigns of civic betterment are launched."[*]

Nearly 2,400 attended the convention in Detroit that year. Philadelphia's Albert C. Adams, general agent for John Hancock, became National Association president. "He was a polished, elegant gentleman who could have stepped onto the floor of the Senate of the United States, be introduced to a senator from Pennsylvania and be perfectly at home," Woodson remarks. "He had the dignity, the bearing, the appearance, the vocabulary, and the intellect. He was an impressive fellow." Adams would be called upon to demonstrate these leadership qualities before his term was over. The year, fraught with controversy, required a steadying hand and a calm voice to keep the organization on an even keel.

Early in 1958, the NALU came forward to speak out for the home service agent and asked Congress to amend the Internal Revenue Code clarifying the debit agent's status as an "outside salesman." The NALU had been instrumental in getting the "outside salesman" clause written into law in 1954, but subsequent decisions had barred the debit agent from this consideration. Testifying before the House Ways and Means Committee, John Z. Schneider of Baltimore, chairman of the NALU's Committee on Federal Law and Legislation, argued these agents should be allowed to deduct all of their ordinary and necessary business expenses from gross income for income tax purposes. Pointing out that the home service agent spent considerable time selling new insurance both inside and outside his assigned territory, Schneider added, "In every state, a debit agent must be licensed as a life insurance salesman, and, in virtually all states, he must qualify for and is given exactly the same type of license as the Ordinary agent (who is regarded by law as and 'outside salesman').[ix]

It was to be a long campaign. The NALU did not succeed in having the home service agent recognized as an "outside salesman" until 1965, after gaining the support of Representative Thomas B. Crutis of Missouri, a member of the tax-writing House Ways and Means Committee.

In March *Life Association News* informed its readers, "The life underwriter movement and the life insurance business suffered an irreparable loss on January 10 with the death of Ernest J. Clark, past president of the NALU, a former president of The American College of Life Underwriters, founder of Life Association News, and a life insurance field executive of renown." Reviewing Clark's long and distinguished career, the editors added, "No less than 14 agents who began their selling careers with Mr. Clark became managers or general agents. Among these 'Clark alumni' who have risen to high places are his nephew Paul J. Clark, former president of NALU and now chairman of the board of John Hancock; NALU president Albert C. Adams, and A.W. 'Dutch' Defenderfer, former Washington, D.C., general agent for John Hancock and now active as a personal producer."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] Trained as a biologist and statistician at Columbia University, Dublin had been in the employ of the Metropolitan since 1909, conducting studies on longevity, diet, hygiene and health education, and developing programs for promoting public health. Both before and after his retirement form the Metropolitan as a company vice president, he published numerous books, including an early study on the dangers of obesity and a more recent one advocating fluoridation of public water supplies.

[i] Dowling, Op. Cit., pp. 101-102

[ii] Ibid., p. 31

[iii] LAN, December 1958, p. 20

[iv] Woodson: Interview, July 1985

[v] The Washington Post, July6, 1956

[vi] NALU: committee Repors of the National Assocition of Life Underwrites Annual Convention, September 1957, p.8

[vii] LAN, March 1959, p. 120.

[viii] LAN, July 1959, p.51

[ix] LAN March 1958 p.5

Voices from the Field

Dispute Over Minimum Deposit Insurance Plans

The 1958 midyear meeting was held in Birmingham, Alabama. One topic that dominated a number of the sessions was the bank loan controversy, which resulted in the issuance of a policy statement. The minimum-deposit plan, involving the use of money accrued in a whole life policy to pay further premiums not only reduced the value of the policy but it also had tax implications that some felt would sooner or later invite the scrutiny of legislators. Conservative-minded agents looked askance at agents who induced clients to purchase life insurance with borrowed money, and such activity was beginning to cause a division in the field force. The issue and all its ramifications received a thorough airing in a series of meetings. The task of incorporating everyone's views fell to Dunaway who finally succeeded in drawing up a satisfactory statement. Proposed by the Board of Trustees and subsequently endorsed by the National council, the document read:

> NALU is deeply distressed by the continued reported abuses which have been coupled with the so-called bank loan plan, and the Board of Trustees wishes to go on record as expressing its disapproval of these alleged abuses….
>
> However, while we are conscious of these causes and wish to see them eliminated by action taken within the insurance industry we are nevertheless aware of the possibility of legislative activity which could seriously jeopardize the over-all tax position of life insurance.
>
> In view of the climate which exists today, we hereby instruct the committee on Federal Law and Legislation and our General Counsel to take such actions as are needed to oppose legislation which would in any way deny to life insurance the same consideration that is given to any other form of property, other than tax legislation which would enlarge the definition of "single premium contract" now contained in Section 264 of the Internal Revenue Code and disallow as a deduction interest paid on funds buffered to purchase or carry any life insurance or annuity contracts coming within such enlarged definition.10

In his address to the general session, NALU president Adams said, "The bank loan plan, whether financed by a bank or the issuing company, is similarly drawing more scrutinizing company attention. And similarly, this is not due entirely to the efforts of NALU." Elucidating the point further, he said:

> Evidence is accumulating that this type of case cannot be written as it has been in the past because the plan lends itself to abuses and does not have the characteristic of the normal persistence of the other types of sales.
>
> There are sufficient numbers of cases on record to attract attention where companies have reversed transactions and in some cases damages have been assessed against the writing agent…
>
> We also know that one company, which has considerable experience with this type of sale has changed its underwriting policy for such business. It has adopted rules confining this business to a very restricted area.
>
> Cases outside specified boundaries cannot be completed without home office authorization. They go so far as to specifically tie the amount of premium by percentage to the applicant's income; they also warn that it is possible that cases could be declined regardless of all other underwriting factors being favorable.11

Another provocative topic concerned the propriety of life insurance agents selling property and casualty insurance. A panel discussion on the pros and cons of multi-line selling took up the questions, "Should the life insurance underwriters also handle general lines of insurance?" and "Should the general insurance agent turn his attention to life insurance selling?" Traditionally there had been strong sentiment in the NALU advocating specialization. Many regarded the multi-line seller as an amateur much like the part-timer. The specialist, they asserted, who devoted his energies to the mastery of life insurance marketing was the true professional-the trusted expert. This view certainly had ample grounds for validly in the early decades of the century when life insurance education was in its infancy

and the marketplace was flooded with inept and ill-trained agents. With the increased availability of quality training programs, however, many were beginning to take a more relaxed view. Having the question placed on the program of the NALU midyear meeting as a topic for debate demonstrates that, as more and more agents of unquestioned professional standards took up the sale of multiple lines of insurance, the time had come to reconsider. Both sides of the issue received full attention as H. Cochran Fisher, an agent with Aetna in Washington, DC led the discussion in defending the promotion of various kinds of insurance; Harold W. Baird of New York acted as chief spokesman for the specialists. "I believe sincerely that accident insurance is a natural supplement of life insurance and a natural feeder for life," declared Fisher. Arguing that one could hardly be an expert in everything, Baird emphasized the differences in the two lines of insurance. "Appraisals are different, the extent and nature of the investment problems are different, and the nature and frequency of claims are entirely different," he said.12

Whether they were for or against agents selling multiple lines of insurance, all endorsed the resolution introduced by vice president Oren D. Pritchard to ask Postmaster General Arthur Summerfield to issue a commemorative stamp marking the 200th anniversary of legal reserve life insurance in the Unite States. "During these 200 years, life insurance has grown form a small fund to the extent that today there are more than 105 million policy owners in the United States and more than $434 billion worth of life insurance in force," the resolution stated. "Individual thrift, responsibility and self-denial as exemplified by the institution of life insurance have been responsible to large extent for the development of our great nation." In urging their petition the agents asserted, "Today life insurance has become one of the most stabilizing influences in the American economy and one of the prime factors against both inflation and deflation."

There was also considerable discussion at the Birmingham meeting on the proposed headquarters building. Cleeton announced a renewed fundraising drive, but the knowledge that building permits had yet to be issued and the transfer of the property had not taken place raised some embarrassing questions. During the following months, concern and frustration over the delay in construction reached a crisis. In July, with the board members' full support, Adams dissolved Cleeton's group and appointed a new building committee, headed by Arthur W. Defenederfer of Washington, D.C. On August 11, 1958, a press release from Kobel's office announced a change in the NALU's plans for permanent home:

> The National Association of Life Underwriters is reconsidering its plans to build a headquarters structure on C Street opposite the new State Department building and is looking for a site or building elsewhere in the Northwest area of Washington.
>
> This is announced by Arthur W. Defenderfer, a chairman of the NALU Building committee, which met here last week with the NALU Executive Committee.
>
> "The Executive Committee and the Building Committee voted unanimously that we look elsewhere for a site or building, and subsequently the Board of Trustees of NALU has concurred by an overwhelming vote," said Defenderfer.13

For Cleeton, Marsh, Hedges, Taggart and their friends it was a bitter disappointment. To many agents the failure to overcome bureaucratic obstacles in Washington meant the end of a dream, and it occasioned considerable comment in industry circles. "It is unfortunate that the National Association of Life Underwriters confronted with the necessity of washing its linen…out on the lawn for the entire life insurance community to observe," was the opinion expressed in United States Review on August 30. "There is undoubtedly some merit to getting the issues out in the open on a topic of financial interest to the association's 75,000 members," the editor said, "but as is often the case where strong personalities clash, the facts tend to become clouded with a great deal of superficial argument that has only incidental connection with the essential issues in the case." The whole affair, the editor thought, illustrated a common problem with volunteer organizations: "The lack of a cohesive force to bring about an amicable settlement of heated issues when opposing groups reach appoint of no compromise," he observed, "is the price paid for democracy in trade associations and other volunteer organizations."

As a summary of the long and tortuous history of the NALU's quest for a home, the article represents the most lucid and probably the most accurate account of this very involved episode in NALU history. Sparking the crisis was the evident unrest within the ranks resulting "from the inconclusiveness of arrangements after six years of activity," the writer explained. Naturally everyone's patience was at an end when the expected transfers of property and zoning approvals were not forthcoming after so long a time.

As the editor explained, the State Department represented only one obstacle. The NALU's property backed onto the site of the American Pharmaceutical Association's national headquarters which faced the Mall, just opposite the Lincoln Memorial, and the zoning code apparently required their consent as well, which its directors repeatedly refused to do:

> Reports of lagging interest and downright disenchantment with the project because of the long delay in getting a building started were also coming in from the field, some associations having refused, it is said , to raise any more money until there was some tangible action to report to their members. Reports of concern had also been received because of the continuing costs of the project which are due in part to enlarged requirements of the NALU itself and the LUTC and in part to inflation that has caused construction costs to increase very sharply since the project was launched approximately six years ago.
>
> However, we are reliably informed that the building committee looked on the special meeting and the developments there in as an indication of lack of confidence on it by NALU officer and trustees and when the board insisted on supervisor control over the approval of plans and letting of contracts of the new building the building committee refused unequivocally to serve under anything other than the carte blanche authority it had prior to the special meeting. Thus, we are told, the board faced a challenge it could not ignore and it closed ranks and accepted the resignation despite repeated attempts by various members of the board to work out conciliatory arrangements that would avert an open break.14

Meanwhile, Schriver and his staff had to seek other quarters. The lease on the H Street property ran out with no chance of renewal; the building was scheduled for demolition to make way for a new office building for the World Bank. By December the NALU headquarters was located at 603 13th Street, N.W. since space was at a premium, even for the NALU's needs, the LUTC found a temporary home a number of blocks in the other direction on 22nd Street, near M Street.

At the annual convention in Dallas, Adams was succeeded by Oren D. Pritchard of Indianapolis. Lester Schriver received the Russell award for 1958. Obviously moved, he said, "I feel a bit self-conscious because I realize that those who work with me are entitled to a share of the honor which is implied in the conferment of the Award. No man lives unto himself alone and even though I am the recipient, the honor is shared by those who have contributed to what I have done through the years and to those who have made it possible for me to turn in a fairly good report card."

Both Huebner and Myrick attended the conferment dinner of the American College of Life Underwriters at the Dallas convention where 160 of the year's 637 graduates received their diplomas. American Society membership stood at 4,716 that year, and Myrick told the diners that the College was planning to expand its program of offerings.

By the end of the year the property at C and 22nd Streets had been sold to the government at a profit of $32,000. During the years the NALU had owned the lot it had brought in revenues amounting to $9,427 as a parking lot. (Thirty years later it still remains vacant—a beautifully landscaped mini-park.) On March 31, 1959, the NALU purchased the former St. John's Orphanage building, located at 1922 F Street, N.W. for $515,500. It was a handsome Georgian –style brick building on a large corner lot in the George Washington University area of the city, several blocks west of the White House. Plans called for a total remodeling to provide ample space for both the NALU and the LUTC's offices. There was also land enough for employee parking and potential additions. "Provision will be made for prominent display of the memorial plaques listing the names of our charter builders," Defenderfer assured the local association members. "The cost of all work and installation of new equipment, added to the purchase price, will total considerably less than the cost of erecting a completely new structure." he explained.15

Estimates called for $400,000 for renovations and $105,000 for furnishings and equipment. At a special meeting in May, the board asked Eber M. Spence of Indianapolis to direct the revitalized fund-raising campaign so the NALU could occupy its new home debt-free. At that time, NALU treasurer Louis J. Grayson reported that total contributions, rent, interest on investments (Treasury bills, notes and GMAC Securities) and profit on the sale of the lot had all amounted to $633, 193. To date, both building committees had spent $609,074. Consequently there was only $24,119 on hand. By September, Spence could announce that approximately 4,000 had contributed to the new campaign as "Charter builders" (i.e., those giving $100 or more). After a strenuous campaign conducted among the local associations in every state, Spence announced in June 1960 that more than $200,00 had been donated or pledged.

The proposed H.R. 10, or the Keogh bill, which was now before Congress had received considerable attention from the NALU since it was first introduced in 1957. Named for its key proponent, Eugene J. Keogh, a representative from New York, the bill would permit those who were self-employed to establish tax-deferrable retirement programs. John Schneider, chairman of the NALU Committee on Federal Law and Legislation, in his testimony before the Senate Finance Committee said the NALU favored the billing principle because it "would encourage self-employed individuals to provide for their retirement by permitting them to deduct from gross income each year limited amounts of earned net income set aside for retirement purposes….

"As we understand the Keogh bill," he noted, "it is basically intended to remove an existing tax discrimination against

the self-employed by extending to contributions made by them toward their retirement somewhat the same favorable federal income tax treatment now enjoyed by employees under qualified pension plans with respect to employer contributions made on their behalf to such plans." The associated agents objected only to the clause discriminating against foreign (e.g., British or Canadian) companies doing business in this country, he said. "And judging form the information that we have obtained for several individuals who worked on the bill in the House of Representatives, including Mr. Keogh himself, we think that it is accurate to says that this restriction was included in the billing error," Schneider concluded.16

Many agents, however continued to be concerned about the high limits and growing spread of group insurance. Consequently, at the 1960 midyear meeting in Louisville, largely at the insistence of the committee on group insurance (still headed by David Fluegelman), the Executive Committee won the endorsement of the National council in withdrawing its support of the Keogh bill because "group contracts might be written under it." Instead they decided to support a U.S. Treasury bill that would give self-employed persons the same treatment as corporate employees regarding pension plans. "Members of the NALU have become increasingly disturbed about the sale of group plans in one guise or another to professional and trade associations," Life Association News commented. A few months later, the NALU altered its position again. By the time Schneider testified before the senate Finance Committee a second time, the underwriters voiced opposition to those parts of the Treasury alternative to the Keogh bill that would hurt small business. "The NALU is firmly opposed," Schneider said, "to those parts of the Treasury's plan which propose to amend existing tax law by limiting benefits provided to owner-managers of corporations under qualified pension plans—including plans already in being."17

Finally, in 1961, when Keogh reintroduced his bill, NALU attorney Taylor Bigbie commented, "From a preliminary observation, it is believed that the new version of the Keogh bill will be one to which NALU can lend its support…. President Kennedy has endorsed the broad objectives of this type of legislation, but it is not believed that this is considered a 'must' bill by President Kennedy and his advisors. Just as we predicted in the past sessions of Congress, we believe that chances of enactment at this session of some sort of tax relief for the self-employed are about 50-50."18

In the fall of 1959, the underwriters were back at one of their favorite haunts, Philadelphia's Bellevue-Stratford, for the 70the annual convention where William S. Hendley, Jr., of Columbia, South Carolina, was elected president. A Graduate of Charleston's Citadel, Hendley had served in the Army for all five years of Wold War II and, like his father, he had a long and successful career as an agent for Mutual of New York. In November he married the former Mrs. Willie B. Taylor Edgerton of Columbia.

Claris Adams, executive vice president and general counsel of the American Life Convention, received the Russell award. It was to be the last industry honor the thirty-five-year veteran of the industry was to receive. On May 2, 1960, at the age of sixty-nine, Adams did at his Washington, D.C. home.

The principal speaker at the "American College Hour," Secretary of the Treasury Robert B. Anderson, addressed a timely and much discussed issue when he complimented the agents on the life insurance industry's efforts to curb inflation. "Sound money, and the maintenance of the purchasing power of the dollar that it implies," he said, " is properly a goal in itself. The millions of Americans whose whole savings are in the form of life insurance contracts, government savings bonds, savings accounts in financial institutions, Social Security and in other forms are entitled to the assurance that these invested dollars will not shrink in value because of inflation."

Besides their usual conferment banquet and board meeting, the chartered life underwriters staged a groundbreaking ceremony at nearby Bryn Mawr for an insurance education center at the new ten-acre campus at the American College of Life Underwriters. When the completed building was dedicated on October 20, 1960, it was appropriately christened Huebner Hall.

"A fitting climax to NALU's Annual convention this year was a new Revenue ruling," NALU counsel Taylor Bigbie informed the agents. The news was good, he said. The new ruling meant that "there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including traveling expenses (including the entire amount expended for meals and lodgings) while away from home in the pursuit of a trade or business."

Even with this added inducement, the agents showed a decided preference for limiting the amount of travel given to Association business. In 1960 the NALU Committee on Functions and Activities proposed a discontinuance of the midyear meeting. Since the idea had first been proposed at the Hartford meeting in 1956, the committee pointed out, both the poor attendance and the subsequent survey had demonstrated the limited interest in the meetings. Its report recommended substituting two extra meetings of the board during the year. This met with the approval of the board of trustees and at the annual convention in Washington that fall the National Council voted to discontinue the traditional midyear meeting after 1962. The concession was not won easily. Vigorous debate preceded the vote, but

the final count showed 464 favored discontinuance and 201 voted for continuance.

During the last weeks of August, workmen were putting on the finishing touches and the staffs of both the NALU and the LUTC were settling into their new home at 1922 F Street. The NALU's eight-year odyssey had come to an end. Dedication ceremonies were set for Sunday, September 11, the day before the opening of the NALU's 71st annual convention at the Mayflower and the Statler hotels in Washington. Total outlays, including the purchase price, came to $1,022,00. Because the fund-raising goal for a debt-free headquarters building had fallen short, the NALU took out a 20-year mortgage for $250,000 at five percent.

The visitors were obviously impressed. The front lawn had been beautifully landscaped, and the portico over the entry, supported by four sandstone columns, had been heightened to two stories. In a spirit of impartial gratitude, the board arranged for bronze tablets honoring both building committees to be installed, one on either side of the main entrance. The gesture wasn't only judicious, but just. If Defenderfer had found the place Cleeton had initiated the search. To honor Julian Myrick, the New York State Association furnished and decorated the commodious boardroom. Roger Hull, president of Mutual of New York, unveiled the large portrait in oils of the former NALU president, which dominated the room. The library was named in honor of publisher and insurance educator Paul Speicher who died in 1952. Everyone agreed, the various offices were spacious and comfortably furnished, while the unpretentious entry hall, dominated by the bronze tablets containing the names of charter builders, made a pleasant and dignified foyer.

During this period the NALU began a program to encourage life underwriters to become more politically active. A committee on Political Education and Participation (called "PEP" for short) was formed. One of its main objectives was to encourage agents either to sponsor or to participate in the nine-week Action course in Practical Politics, sponsored by the U.S. chamber of Commerce. This program ultimately led to establishing an agents' political action committee.

At the beginning of 1961, the life insurance industry found itself facing a new Congress and a new administration. "Prospects for extension of the Social security system to finance medical care of the aged have been greatly increased by the election of Senator Kennedy to the Presidency," wrote NALU counsel Taylor Bigbie n February 1961. "This was made further evident by his appointment of Gov. Abraham A. Ribicoff of Connecticut as Secretary of Health, Education, and Welfare. Mr. Ribicoff has long been a champion of medical care to the aged through the Social Security system." Even if that particular bill did not pass, Bigbie was certain that Kennedy would propose some form of legislation to finance medical care of the aged. " It was one of his major campaign promises and many of you will recall that he was a co-sponsor of such legislation in the Senate during the last congressional session," he reminded his readers. Noting the negative reaction from the medical profession , Bigbie reported:

> The American Medical Association has recently announced that it will wage an all out battle against any form of compulsory health insurance. The House of Delegates of the AMA met in Washington recently and set forth a statement of principles calling for development of the "voluntary non-profit prepayment concept" through consolidation of efforts though the AMA in cooperation with Blue Cross, Blue Shield, the American Hospital Association, private insurance carriers, as well as other types of medical care plans and professional industry, labor, and job groups.
>
> It is anticipated that NALU will work with these various groups in their endeavor to defeat medical care for the aged under the Social Security system.19

The NALU, and the life insurance industry generally, also opposed Kennedy's efforts to extend the benefits of Social Security in other directions by broadening eligibility and raising the amounts received. These proposals, of course, necessitated an increase in contributions both from employer and employees. The President got his way on June 30, with passage of the so-called 1961 Social Security Amendments.*

In May 1961 Schriver announced the appointment of H. James Douds to replace Bigbie who had resigned to become vice president of the Belgian American Banking Corporation in New York City. Douds had been serving as deputy insurance commissioner of West Virginia since 1959. Before that he was supervisor of agent licensing. Noting that he was a native of Pittsburgh who had received both his undergraduate degree and his law degree from the University of West Virginia, *Life Association News* added, "The new counsel practiced law in Charleston, West Virginia, and served as a first lieutenant in the U.S. Army in Korea before he became associated with the West Virginia insurance department." Schriver felt that Douds's extensive experience in state regulation, preparing legislation, and drafting and administering agents' licensing examinations would be "most helpful to NALU in providing service to our affiliated state associations and their members."20 From the beginning, Douds's experience in state insurance regulation bore fruit. Dunaway made him the association's liaison with the insurance commissioners and sent him to their annual meetings. Douds, with the eager support of NALU trustee Joseph Davis Detroit, initiated the practice of hosting a reception for the commissioners. This gave the agents visibility, allowing

the NALU's representatives an opportunity to become acquainted with the insurance officials of the various states. In short time the NALU receptions at the National Association of Insurance Commissioners' annual meeting became not-to-be-missed events, highlighting the agents' interests in state regulation of the business. Not only commissioners, but other state insurance officials and company representatives also began attending.

During the years 1960-61, Bickerton introduced a major improvement in the NALU's program for grooming new Association leaders. It was a regional concept that met with noticeable success, as Life Association News explained in a 1961 article:

> It's a general practice for a state association to conduct a leadership conference late in spring or early summer for the newly elected officers and committee chairmen of its affiliated local life underwriter associations. The incoming local leaders are given a briefing on their duties.
>
> For a long time it has been felt that state officers could do a better job of briefing if they themselves received orientation on the points to emphasize when they meet with local representatives. What was needed then was a leadership Conference for the officers of the various states.
>
> A pilot area conference proved so popular and effective in 1960 that this year the National Association of Life Underwriters felt that all its state affiliates should participate. Accordingly, the country was divided into 12 areas, with several states being assigned to each area. The states will send their offers to their respective area conference, which will be conducted either by a NALU trustee or a member of the NALU headquarters staff. All the states have indicated their willingness to take part in this meetings.21

During the next few years the NALU began sponsoring as many as eight "President's Area Conferences" throughout the country each year. Once the Association ceased holding midyear meetings, the need to keep the lines of communication open throughout the NALU federation became even more acutely felt. In addition to the instructive talks on Association policy and managerial problems, these meetings offered state association officials and NALU officers and staff a chance to exchange views and become better acquainted.

One result of the NALU's 1961 midyear meeting in Fort Lauderdale was the issuance of a "Definition of Abuses." Replacement was seen as a growing problem and seven states had passed new laws designed to curtail unethical activity of this kind. Responding to requests for clarification of terms, the NALU published a statement offering a number of pertinent distinctions. Defamation was declared unethical and defined as "making publishing or circulation any oral, written or printed statement which is false, or maliciously critical of or derogatory to the financial condition of any insurance company, or which is calculated to injure any person in the business of life insurance." *Misrepresentation*, also declared unethical, was defined as providing a client or one of his advisors with erroneous or incomplete information leading the buyer "to reach conclusions not actually based on complete facts, especially where such erroneous conclusions could react to the detriment of the buyer." The evils of rebating were reviewed and a careful distinction was drawn between replacement and twisting:

> REPLACEMENT is the discontinuance of existing life insurance in favor of new life insurance. If such replacement is to the detriment of the policyholder, insured or beneficiary, it may make the underwriter responsible of the act of the policy owner and may constitute "twisting."
>
> In some cases replacement is referred to as substitution. This usually occurs when existing and new insurance are in the same company. The same set of standards apply to substitution as to replacement.

Twisting was defined as making "false or misleading statements, misrepresentation or incomplete comparison, of any kind whatsoever, to any policyowner for the purpose of inducing or tending to induce such policy owner to lapse, forfeit, or surrender his insurance of annuity contract or to replace such insurance or annuity with another contract."22

Printed copies of the definition statement were made available to local members. The Association also published a pamphlet, a rewriting of the older "Beware the Twister," reviewing the subject in plain, practical terms for agent to give to their clients. The new pamphlet was called "Demand To Be Shown." It evidently received wide distribution. By the beginning of 1962, headquarters reported mailing 515,000 copies in response to agents' requests.

Max Hoffman retired in June 1961, after 32 years service. "His duties with NALU," *Life Association News* noted, related to its accounting and bookkeeping departments, financial reports for the board of trustees, membership, extension of new associations, administration of John Newton Russell Memorial Award, and as aide to the committee on Nominations. In addition, he has managed 65 midyear meetings and annual conventions for NALU….

As NALU convention manager during the past 32 years, Max has been intimately concerned with site selection, program, physical arrangements, and hotel accommodations." A well-known figure in life insurance management circles, Hoffman was also extremely popular with members of the headquarters staff who, naturally regretted his leaving.

A year before, Schriver had announced his intention to retire as well. "All in all, it has been a rewarding seven years for me, and I hope that historians will record it as a period of solid growth in the annals of the Association," he stated in his letter of resignation. "With the close of the Denver convention next year, I shall have completed eight full years of service. I believe that is a longer term of service than any of my predecessors. Therefore, December 31, 1961, would seem to be an appropriate time for me to surrender my commission," he concluded in typical Lincolnian prose. He would be seventy years old.

Recognizing his years of service to the Association, the officers gave an appreciation dinner in Schriver's honor on September 25, during the 72nd annual convention at Denver. In tribute, the joint resolution of the Board of Trustees stated, "he is in truth an outstanding personality: dignified, yet warm and genial; scholarly, yet practical; visionary, yet always attuned to the realities of the contemporary scent…. Gifted with a remarkable ability to communicate convincingly through printed and spoken work he has touched our lives for the better, challenging our conscience and arousing us to our responsibilities as individuals, participating citizens, and career life underwriters."23

Outgoing president Hendley had appointed NALU trustee Frank G. McNamara of Waukesha, Wisconsin, to head the committee to select a successor for Lester Schriver. In June 1961 NALU president William North announced that thirty-seven-year-old James A. Byrd of Houston would be the NALU's next executive vice president. Byrd had a Ph. D. in business administration, banking, finance and life insurance form the University of Texas at Austin where he had taught these subjects as a recipient of a Ford Foundation fellowship. Recently he had accepted the position of vice president and economic advisor of the National Bank of Commerce at Houston. "Dr. Byrd brings to his new responsibility a record or outstanding achievement in business administration and higher education, along with a keen understanding and appreciation of life insurance," North said.

Someone else who retired at this time was Louis I. Dublin. This was the community service program's fifth year. The NALU readily agreed to the suggestion that the public welfare award be named the Louis I. Dublin Public Service Award. "In re-naming the award at this time," Holdgar Johnson said, "we wish to establish a living memorial to a man who represents public service in its highest sense." At the Denver convention in September 1961 winners of the newly named award were the life underwriters associations of Chicago; Orange County, California; Aberdeen, South Dakota; and Tri-Lake, New York. These received the bronze plaque. The silver prize given for sustained effort on a long-range project, went to Dallas and Oklahoma City. The projects had all focused on remedying community health problems or supporting a social welfare program.

For his outstanding contributions to agent education, the young Dr. Davis W. Gregg of The American College of Life Underwriters received the Russell award. The convention also marked a milestone for the GAMC which celebrated its tenth anniversary. At this point the Conference had 143 local units with a total membership of 7,113. An interesting innovation at the Denver convention was the "Trailblazers' Breakfast," reserved for those who had been in the business over forty years. Thirty-seven men and women attended the informal meeting which in succeeding years became a NALU tradition. "Conducted on an informal basis by chairman Herbert J. Baum, general agent in Birmingham, Alabama, for Protective Life," *Life Association News* reported, "The breakfast featured personal recollections of early business conditions and experiences, plus many word pictures of former NALU leaders. Nearly all of those attending took part."

R.L. McMillon, agent for Business Men's Assurance at Abilene, Texas, was elected president for the 1961-62 Association year. McMillon also served as president of LUTC and is a recipient of the John Newton Russell Award. Life Association News hailed him as "a pro of the podium, an energetic and dynamic speaker who traveled some 75,000 miles a year fulfilling more than 100 speaking engagements."

The year 1962 witnessed the NALU's last midyear meeting. During the week or March 18, the Executive Committee and the National Council assembled midway between annual conventions to deliberate on Association business and industry issues for the last time at the Peabody Hotel in Memphis. With 775 delegates registered, it was also the largest midyear meeting in the Association's history. A proposal to increase members' dues going to the NALU from $6 to $8 easily passed. Among the reasons offered for the increase were needed additions to the legal, administrative and editorial personnel at headquarters, and pay raises for staff members that would assure them salaries comparable to those holding similar positions in the Washington area. "Request for the hike in dues was based not only on the fact that NALU is operating in the red during the current fiscal year," Life Association News explained, "but also the fact that NALU must expand its services to members if it is to continue functioning as vital and effective organization."

David M. Blumberg of Knoxville, Tennessee, succeeded McMillon when the annual convention met in Chicago in September 1962. A college athlete, Blumberg had been a radio sports announcer before serving in the Navy during World War II. He had a flair for the political and legislative aspects of being president of the NALU.The Keogh bill (H. R. 10) was finally enacted into law when President Kennedy signed it on October 10, 1962, more than eleven years after Congressmen Reed an Keogh introduced the original version in Congress. "Through the years, NALU has actively participated in the development of this bill," general counsel Dunaway observed. "In particular, NALU--working in close and constant cooperation with the American Life Convention and the Life Insurance Association of America--has striven to make certain that H.R. 10 would accord fair recognition to the use of life insurance, endowment and annuity contracts. Our efforts have been successful."24

However, President Kennedy's proposed "Medicare" legislation was a different story. The insurance industry continued its resistance to the administration's plans for government-sponsored medical benefits and the NALU joined with other industry organizations in a campaign of ambiguous opposition. Many were the article and speeches denouncing "Medicare" as a discouragement for people to enroll in private health care programs and as a needless expansion of the federal welfare system at the public expense. Standards were bound to drop industry spokesmen warned. Public health care would never be as efficient as privately funded medical programs. Throughout 1962 the call went out from national headquarters for life underwriters to urge their representatives in Congress to vote against government-sponsored medical insurance. In 1963 when a plan for federal health care (the King-Anderson bill) was again before Congress, the Association's magazine reiterated its position:

> By now our readers should be thoroughly familiar with NALU's stand against federal health care for the aged under Social Security. The marked and Continuing progress of private health insurance toward meeting the needs of most aged persons: the growing effectiveness of existing public plans for medical care for the aged, such as the Kerr-Mills and Old Age Assistance programs; the substantial additional financial burden that the King-Anderson plan would superimpose upon the already heavy costs of the existing Social Security program and the danger that enactment of the King-Anderson bill might well generate great pressure for compulsory federal health care for all citizens regardless of age--all combine to make a system of federal health care for the aged such as is embodied in the King-Anderson bill totally unnecessary and unwise.25

In the end, the medical profession and the insurance industry did not prevail and the Social Security Medicare program was voted into law during President Johnson's administration in January 1966. In response to a request of the Social Security Administration, Dunaway and his staff prepared an article for *Life Association News* explaining details about eligibility and the nature of the benefits. Their purpose was to show agents how they could advise and assist clients wishing to participate in the program. Pointing out that eligible senior citizens had to sign up by March 31, 1966 or else wait until October 1967, Dunaway said, "in compliance with the SSA's request we are publishing the following additional article as a public service in the hope that our members--and non-members as well--will pas the information contained therein on to as many unenrolled aged people as possible before March 31, 1966."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

Voices from the Field

GAMC Stages First LAMP Meeting

Since the NALU no longer held midyear meetings, a convenient spot opened up in the industry meeting calendar for those who needed to focus on the problems of agency management. Accordingly, the General Agents and Manages Conference staged its first "Life Agency Management Pow-wow" (LAMP) March 4-6 1963, at the Statler Hilton Hotel in Cleveland. (In this case, the term "life" had a double meaning: during the first several years these meetings were sponsored by *Life* magazine. Their publicity department apparently liked the American Indian theme devised by the GAMC leadership.) About 230 people attended both general sessions and workshops devoted to recruiting and selection, training, financing, supervision, prestige building, upgrading the agent, and building an agency. C. Carney Smith, Charmin of the GAMC, noted this was the first time since its organization eleven years previously that the 7,000 member Conference had held a meeting independent of the NALU. The experiment was successful. L. Kent Babcock, a general agent for Aetna Life in Philadelphia who succeeded Smith as GAMC chairman, enthusiastically endorsed the idea of a repeat performance in 1964. The next year the meeting, also held at the Statler in Cleveland, attracted twice as many general agents and managers. In subsequent years these LAMP meeting have become among the most popular in the industry. The term "pow-wow" was dropped in 1969 in favor of "program."

The GAMC also acquired a new executive director when Nancy Grobert resigned on May 31, 1964. She was replaced by Horace D. Flickinger, an agency supervisor for the Equitable of Iowa in Baltimore. Previously, he had been a director of training for North American Life and was a former president of the Baltimore Association of Life Underwriters. At the time he was serving on the NALU's committee on Associations. He proved very satisfactory in his role as executive for this rapidly expanding organization.

James Bird's reign over NALU headquarters was brief. He did not seem to relate well to the agents, nor to most of the staff. From the beginning Association leaders voiced dissatisfaction, and relations became increasingly strained. In April 1963, *Life Association News* announced, "C. Carney Smith, CLU, general agent for Mutual Benefit Life in Washington, D.C. Since 1949 and currently national chairman of the General Agents and Managers Conference of the NALU, was named on March 18 as executive vice president of the National Association of Life Underwriters." Noting that Smith would assume his new duties by midsummer, the announcement explained:

> Dr. Byrd has requested that he be relieved of his responsibilities as executive vice president of this association as soon as mutually convenient. Dr. Byrd made this request for personal reasons and said that he will announce his future plans at a later date. The Executive Committee of NALU accepted Dr. Byrd's resignation and expressed regret at the necessity of his decision.
>
> "The board's unanimous selection of Smith," said Blumberg, "indicated its confidence in a man who has gained a national reputation in life insurance circles for agency management capacity leadership in association affairs, and an intimate knowledge of the indstry."[xxvi]

Fortunately, Byrd was able to resume his former position with the Houston bank.

Smith was fifty-one. Unlike some of his predecessors, he was neither a lawyer nor a past NALU president; he had never been a trustee nor had he managed a life insurance company, as Woodson had. But Smith's rhetorical abilities enabled him to communicate readily and effectively. An accomplished speaker, his personality, managerial skills and his understanding of the Association's role in the industry made him singularly suited to direct the affairs of the NALU. He was born in Kalamazoo Michigan. His father died while Smith was still a boy. Consequently he was forced to earn his way though school as a butcher. Smith graduated form Western Michigan University and received his M.A. form the University of Michigan. He had been a social worker, a speech teacher, and a regional director of the American Red Cross before entering the life insurance business in 1946. Smith was also fortunate in having a warm and charming wife. Millicent (Millie) Smith had a reputation as one of Washington's most gracious hostesses. Years later, sometime after Smiths retirement, Holdgar Johnson observed, "Carney made an outstanding managing director. He had a faculty for building a great rapport with the company executive personnel, which had a lot to do with encouraging the companies to recognize the important part the NALU has in the whole structure of the business. Carney has probably had more influence on that than anyone I've ever known. His outgiving and outgoing personality enabled him to make the industry very conscious of NALU activities." [xxvii] Barnes observes, "Lester Schriver was a personal executive, and while he did an exceedingly good job for his time, I do believe he left Carney

without much structure and the modern structure of the NALU as we see it now was conceived and put together by Carney."

Under the able guidance of Dunaway, Smith soon familiarized himself with the NALU's legislative operations. Almost immediately, he set about expanding the legal and public relations departments. While Dunaway remained the NALU's general counsel and chief legal advisor, Douds was given charge of the administration of the legal department. Two young lawyers, Donald M. Kinison and David J. Pattison, joined the legal staff, James Woods was assigned to assist Kobel in public relations, and Travis Kid and twenty-three-year-old Richard Bernot became editorial assistants for *Life Association News*. A new post, director of health insurance activities was filled by Robert H. Turner.

One of Byrd's last official acts had been to dismiss Ann Bickerton. Consequently, Smith named Lee Derkay, who had been administrative assistant in Schriver's time, to replace Bickerton as director of association management. As the demand for promotional and organizational assistance to local associations increased during the next several years, additional staff was hired. In 1966 Smith appointed William M. Bartlett director of association management. A few months later William N. Albus, a Georgetown University graduate and former counsel with the office of corporation counsel of the District of Columbia, was added to the legal department.

The NALU's 74th convention took place at Bal Harbour, Florida. It was a small gathering compared to previous conventions; there were only about 2,000 delegates and the guests in attendance. John Z Schneider of Baltimore became president of the National association for the 1963-64 Association year. A manager for the Connecticut General Life, he had a reputation for managerial efficiency and political adroitness. In addition to a degree from Johns Hopkins in business administration, Schneider had a law degree. In 1970, after his retirement from business, the NALU hired him as a consultant on equity based products. "In view of the industry's accelerating entry into this field, he will serve as a liaison with the Securities and Exchange Commission and the National Association of Securities Dealers," the announcement stated. Smith noted that Schneider had for several years been training his agents in the marketing of equity products, and added that he would also prepare articles and reports of interest to association members. His legal background would enable him to assist the NALU legal staff on equity legislation.

The 1963 Russell award went to Woodson. In citing him for the honor former NALU president William Henley said, "You have achieved a remarkable and unique record of outstanding service to the institution of life insurance as an institutional leader, insurance executive, educational leader, and community servant."

In October 1963, the NALU unveiled its first sponsored program of association and professionally liability insurance. Pointing to recent court decisions foreshadowing "a hitherto unexplored field of litigation between insurance agents and their clients," in an article prepared by the NALU's legal staff, *Life Association News* warned agents, "It should be borne in mind that, hand-in-hand with improved status and greater acceptance of the life underwriter as a qualified financial advisor, goes increased duty and responsibility to the public. As never before in the past, life underwriters may find themselves subject to legal liability for losses due to errors for omissions in establishing maintaining adequate insurance programs for their clients." The coverage, underwritten by the Fireman's Fund Insurance Company of San Francisco through brokers Marsh and McLennan, was available to members through their local associations. Many, however, declined go take advantage of the plan. In July 1965, when the Board of Trustees approved the addition of libel and slander coverage, only one-third of the associations affiliated with the NALU had availed themselves of the program.

Fifty years after he had first addressed an NALU convention and fired the delegates with his vision of agents as professionals, Solomon Huebner, president emeritus of the American College of Life Underwriters, died on July 17, 1964, at the age of 82. It was not until 1953 that he had retired from his forty-nine-year career at the University of Pennsylvania. "Teacher, author, philosopher, Dr. Huebner demonstrated the kind of personal dedication…that needs to be bred into all generations of life underwriters," NALU president John Schneider commented. Recalling Huebner's insistence on high intellectual standards Schneider added, " The passage of time must not be permitted to obscure the fact that Solomon S. Huebner's conviction and dedication were so strong that he refused to compromise on principle and thereby he imparted absolute integrity to the purposes and mission of the American College of Life Underwrites and the CLU movement."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxvi] Op., cit., p. 13

[xxvii] Johnson: Interview, May 1985

Voices from the Field

The NALU Celebrates Its Diamond Jubilee Year

The 1964 annual meeting in Cincinnati was the NALU's 75the convention. Attracting more than 3,200 agents and guests, it was held at the Netherlands Hilton during the week of September 20. For the first time closed-circuit TV was used to accommodate the overflow for the general convention and the National Council sessions. To emphasize the fact the Association was entering its seventy-fifth year, Kobel and his staff presented a dramatized version of the Association's history, drawing attention to important milestone and some of the major figures involved in the development of the NALU.

NALU trustee John H. Ward, III chairman of the membership committee, announced the total membership of 847 accredited delegates chose William H. Gatling of Norfolk, Virginia, to preside over the Association's diamond jubilee year. They also approved an amendment to insert the word "health" whenever appropriate in the constitution and bylaws. Merely intended to reflect increased interest in health insurance, the amendment did not imply any change in qualifications for membership in life underwrites associations or the basic objects of the NALU.

At the opening sessions, Smith announced that a new award, the National Sales Achievement Award, would be given for the first time based on business done in 1965. Its purpose was to honor, not so much the star producers such as those who qualified for the Million Dollar Round table, but agents who sold large numbers of small policies. These were often the agents who reached the smaller income market, introducing in many cases the benefits of life insurance to the masses of the population. It was time to recognize their role, Smith felt, in spreading the gospel of life insurance to the great majority of Americans, not just to financially astute clients who are able to buy large amounts of insurance. Eligibility requirements included having earned at least $10,000 and written at least seventy-five lives during the course of one year. "It is our opinion," said Smith, "that a man who is doing this well is making a major contribution to his clients, to his company and to his community, and he should receive recognition for his accomplishments."

The Cincinnati convention set off a succession of celebrations. On December 7, more than a hundred company presidents gather at the University Club in New York City to celebrate the NALU's seventy-fifth anniversary. Although the dinner was "a black tie affair," *Life Association News* reported the evening was relaxed and informal. "For the moment, nagging differences between field and home officers were forgotten as the company presidents entertained NALU's current officers and trustees, and 18 past presidents of the National Association." Chief host of the evening was Frederick H. Pierce, president of the General American Life. "It is with respect and adoration for the National Association of Life Underwriters and its contributions to our business," he said, "that the joint committee of field Relations of the American Life convention and the Life Insurance Association of America salutes NALU on its 75th anniversary and takes pleasure in sponsoring this evening to commemorate that lustrous milestone."

Charles Zimmerman, the principal speaker of the evening reviewed the NALU's accomplishments during its seventy-five years. Emphasizing the organization's uniqueness in business history, he noted how remarkably it had remained true to its founding principles and how fortunate it had been in leadership. Commenting on its adherence to professed goals Zimmerman said,

> Year in, year out since 1890 NALU has been surprisingly successful in staying on course. It has not swerved from its basic founding principles. For example any attempts to become a militant, bargaining group have been resisted. Indeed, NALU has succeeded in walking a difficult tight rope. It has succeeded in maintaining an excellent relationship with the companies its members represent. In so doing, it has furthered the best interests of the membership, of the companies, and of the public.
>
> NALU has been able to express its *conviction* without *condemnation* of other viewpoints. NALU has been able to achieve a high degree of *cooperation* without resorting to *compulsion*. NALU has been a strong exponent of good *communications* without a violation of *confidences*….
>
> Today's life underwriter has broader horizons and better opportunities for success than did his predecessors because of the NALU.[xxviii]

On June 16, 1965 about two hundred life insurance officials, agents and NALU representatives joined to celebrate

the diamond jubilee at the site of the original Parker House with a commemorative breakfast hosted by the Boston Association and the NALU. Former NALU president William Andrews, chairman of the 75th Anniversary Committee, acted as toastmaster, and Sumner Rodman of the Boston Association was a chief host. Rodman opened the breakfast by quoting form the acceptance speech of George Carpenter when he was elected the association's first president: "When those who come after us shall turn back to this day," Carpenter had predicted, "they will hold it in grateful remembrance that we too have been equal to the emergency of this day, and have done for life insurance what will be of the utmost important value in the future."

On behalf of the NALU, Andrews presented Rodman wit an inscribed plaque recognizing the Boston Association "for its noteworthy and lasting achievement as the oldest continuing local life underwriters association and its role in organizing NALU." Andrew Sherrard, manager of the Parker House, gave the NALU two cut glass goblets used at the 1890 banquet and a gavel which was carved from the wood of the Oak Room of the original Parker House where the NALU held its first convention. Carney Smith was the principal speaker. "We gather here this morning, " he said, "not only to commemorate the founding and first convention of NALU but to pay tribute to the untold numbers of men and women who gave leadership over the past 75 years to their professional organization."

By 1965 there were 92,231 members in the local associations. The NALU had seventy employees and it was becoming obvious to everyone that the F Street building was inadequate. Among the other actions taken by the board at its January meeting was approval for a new wing. "The board reached its conclusion," said Gatling, "after advice was secured from the independent real estate and financial sources as to the most economical means of supplying NALU with its reasonable space needs." Work began on the $324,000 addition in the fall. The four-story wing would add 10,000 square feet of office and meeting space.

The convention that year was held in St. Louis. Philip A Hoche of Orlando, Florida, served as president of the NALU for the 1965-66 term. Hoche, a general agent for Kansas City Life, entered life insurance in 1932 . A thirteen-time qualifier for the National Quality Award and a member of his company's top management clubs, he had served as chairman of several NALU committees, and was a trustee of LUTC.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxviii] LAN, January 1965, p. 21

Voices from the Field

The NALU Increases Political Activity

Proximity to the center of national political life had been one of the reasons for locating the NALU's headquarters in Washington. The board meetings there during January—the time when Congress convenes every year—offered an irresistible opportunity for the NALU officers, their spouses and members of the legal staff to entertain members of Congress and other government officials. It was a good opportunity for the agents' representatives and government leaders to mingle informally, to become acquainted with one another and share their views. As anyone familiar with the political scene in Washington knows, such social gatherings are indispensable if one hopes to exercise any influence at all.

Arranged by Dunaway and presided over by Smith and his wife, the NALU began giving small dinner parties and informal receptions on other occasions, too. Later, these get-acquainted evenings proved particularly fruitful during leadership orientation conferences. For larger turnouts, a hotel or private club was used, but very often Dunaway held informal receptions at 1922 F Street. The boardroom at NALU headquarters soon became a familiar gathering spot for recently elected minority leader in the House Gerald Ford from Michigan, Senator Sam Ervin of North Carolina, Kansas Senator Robert Dole, Senator Thomas Eagleton of Missouri and numerous other Congressional leaders. In 1967 for instance the January board reception drew ninety-nine senators and representatives.

In August 1966 the NALU announced the formation of a "Voluntary, bipartisan Life Underwriters Political Action Committee (LUPAC)…to provide a vehicle for encouraging increased political awareness and participation among those in the life insurance business and other interested persons." Emphasizing that the new organization was unincorporated, nonprofit and not affiliated with any political party, *Life Association News* explained:

> Although the impetus for organizing LUPAC came from the National association of Life Underwriters, the committee will function independently of NALU and activities will be financed by LUPAC members.
>
> Chairman of the newly formed committee is Robert E. Bowlus, CLU, Baton Rouge, La., and secretary-treasurer is L. Kent Babcock Jr., CLU, Philadelphia. Other members of its board of directors are Irving Enna, CLU, Portland, Me.; Raymond E. King Jr., CLU, Charlotte, N.C. John H. Leaver, CLU, ST. Louis; and James E. Wood Nashville. The LUPAC board members are all career life underwriters.
>
> Chairman Bowlus said LUPAC will have separate and distinct political education and political action objectives. It will engage in voter registration and get out the vote campaigns, compile voting records of individual members of Congress, and implement nonpartisan courses designed to stimulate citizen involvement in politics. He said also that LUPAC will solicit contributions to aid selected Congressional candidates.
>
> Membership in LUPAC is open to those engaged in the life insurance business, members of their families, and other who may be made eligible for membership by the LUPAC board.[xxix]

Of all the officers, perhaps King was the most experienced. "King was very knowledgeable," Carney smith recalled. "He had been finance chairman for Terry Sanford when he ran for governor of North Carolina, and he was very friendly with both [Senator] Sam Ervin and Senator Everett Jordan. Without King to sell the idea to the board, we may not have been able to form LUPAC at that time."[xxx]

The new organization set up national headquarters on Capitol Hill at 53 D Street, S.E., the offices of experienced Washington lobbyist Roy Pfautch who became its executive director. The first step was to issue invitations to all members of local associations to become Founder Members by making an initial contribution of $1,000, or Charter Members by giving $100. (There were also categories for those contributing smaller sums.) In making his appeal for contributions Bowlus admonished the agents, "Only positive, citizen-level action in support of congressional candidates committed to private enterprise can maintain the balance of representative government which has made America great. As a leader in life insurance, you have contributed much to our free economy. Now we ask you to join in support of candidates for congress who will preserve our American way of life."

Although a number of so-called special interest groups were forming political committees (PAC's) at this time, the agents' entry into the arena by not means received universal applause. The innovation was looked upon by many as alien to American politics and incompatible with traditional democratic ideas. "Many of us at the time LUPAC was formed felt that it wasn't appropriate for life underwriters to get into politics," former NALU president David Fluegelman recalls. "That was a different business. What we wanted to do individually was our privilege, but we shouldn't be part of it. I was one of those. I was gradually swung over. You rarely hear of anybody opposed in principle to LUPAC today, because everyone has learned the importance of having contacts with the legislature."[xxxi] And there were those who too easily surmised that LUPAC would not be all that bipartisan, and much of the criticism implied that money would most often go to conservative politicians, primarily members of the Republican party. The circulated brochure explaining the organization's aims to work "in support of those principles and philosophies essential to preservation of the competitive, private enterprise system," confirmed the impression. In a letter to Sam Gaglio, editor of *Life Association News*, Jack Hunter of Garden City, New York, wrote:

> I very strongly resent my professional organization being used to assist in the growth of another organization which will implement what their board of directors deem to be principles and philosophies.
>
> While it is extremely possible and perhaps probable that these principles and philosophies will represent basically those of a majority of NALU members, it is also distinctly possible and probable that some of these principles and philosophies as interpreted by LUPAC will be definitely different from those of a sizable minority of NALU members, and therefore in my opinion NALU has no basis to support the growth of such an organization….
>
> The fact that other organizations engage in such activity does not mean that our professional organization should condone such activity. I don't believe legislation should be based on the whims of those who have the biggest amount of money to make political contributions. I honestly believe that working in the open, testifying before the appropriate congressional committees, and bringing grass roots support (provided the legislation directly pertains to life insurance) is an honest an bonafide function of NALU and an action in which our members can feel proud.[xxxii]

Much of the criticism stemmed from nothing more than misapprehensions and a failure to understand the nature and function of the new PAC. To assuage any fears about the legalities of LUPAC, assistant general counsel Pattison explained in his column, " On the Legal Side," that under the Federal Corrupt Practice Act and the Hatch Act (which regulate political contributions and expenditures) the plan was perfectly acceptable. The chief element, he pointed out, was that LUPAC was an unincorporated committee and "a self-governing, independent, nonprofit and autonomous organization," entirely separate from the NALU. "Such a committee is recognized by the Federal Corrupt Practice Act as a lawful vehicle though which individuals may have the opportunity to contribute to political campaigns," he noted.

"LUPAC, is *not* a lobbying organization," he explained. "It will not seek to influence directly of indirectly, the passage or defeat of any particular legislation. Legislative activities on behalf of life under writers will continue to be performed by NALU." Outlying the exact relationship between the NALU and LUPAC, Pattison explained:

> Although NALU does not exercise any control over the affairs and decisions of LUPAC, it wholeheartedly supports the organization in the same manner as other groups which have created separate political committees.
>
> Indeed, NALU contributes financially to the support to f LUPAC, specifically earmarking these funds for educational and administrative expenses to conform with the Federal Corrupt Practices Act…
>
> LUPAC's educational and administrative funds are kept in as separate account so that there is no possibility they can be used for the candidate support.
>
> The campaign-contributions activities of LUPAC will be financed entirely by the volunteer contributions of individual life underwriters and others, which are also maintained in a separate account.[xxxiii]

Predictably the foundation of LUPAC made Washington much more aware of the NALU's presence. Looking back on its tremulous origins, Carney Smith recalled, "That first year we only raised a total of about $22,00. And we had lots of opposition, primarily form New York city. Ahalsey Josephson, editor of Probe, did not like it, and was blasting us all over the place. Bu at our January reception about a hundred members of Congress showed up! That demonstrated the power of LUPAC."

Not surprisingly, the theme dominating the 77th annual convention in New Orleans was "Greater involvement in

public affairs by life underwriters." Despite serious problems on the legislative front, the life insurance business was nevertheless enjoining an encouraging period of growth. Total life premiums for the U.S. during 1966 reached $15.776 billion. The combined total for life and property insurance premiums was $49 billion, an increase of $4.818 billion over 1965. The number of companies continued to grow during this period, as well. By the end of the decade there were 1,761 legal reserve life insurance companies operating in the United States. all but 156 of these were stockholder-owned, but the generally older and larger mutual companies still accounted for over half the insurance in force. The growth was naturally reflected in the size of the agency field force, and particularly in the number of career agents involved in association activity. That year the combined membership in local associations came to 103,000.

Lewis C. Yount, manager for Prudential in Seattle, became president of the NALU for the 1966-67 year. An eighteen-year veteran in the business, Yount had been active in Association work and his agency was among the very top of Prudential's for productivity. This soft-spoken, silver-haired graduate of the U. S. Navy School of Music was an accomplished clarinetist and an avid golfer. It was because of his influence in Prudential's management circles that Carney Smith had encouraged Yount to run for office several years before. Smith rightly assumed that Yount's presidency would prove beneficial for Association membership.

Delegates a the New Orleans convention voted unanimously for an increase in dues, which meant the amount going to central headquarters after the new year would be $10 per local member. Pointing to the increased services the Association was providing, NALU treasurer Thomas R. Buchanan reminded the delegates, "All of these things will require additional personnel, and this in turn will cost more money. As Winston Churchill said, 'give us the tools and we will do the job.' "The NALU's budget for that year was approximately $1.2 million; the organization was operating in the black.

Progress in the construction of the new wing at 1922 F Street, however, had been disappointing. "This particular project has turned out to be the most frustrating in my entire business career," Smith told the delegates at New Orleans. "What with zoning restrictions, the Fine Arts Committee, strikes, and problems with the general contractor, up to now we have been twelve months trying to complete a seven months' job, and we are still not fished."

By the end of the year all these difficulties were swept away and the headquarters staff was settled into the new wing before the Christmas holidays. Dedication ceremonies took place during the January board meeting. Among other improvements afforded by the additional space was an office for the presidents of the NALU. Named the John Newton Russell Memorial Room, the office was furnished by Pacific Mutual which also contributed a large portrait in oils of the former NALU president.

In March 1967, Carlyle Dunaway resigned as general counsel of the NALU to join the United States Information Agency as an assistant general counsel. A brilliant lawyer, Dunaway was a strikingly handsome man with a great deal of charm. Association officers for years had enjoyed his droll wit as much as they had relied upon his acute legal mind for sound advice. His departure was probably inevitable. Smith found Dunaway's relaxed approach to working hours and the mechanical routine of business increasingly irritating. Smith was an autocrat; Dunaway liked his independence. The final breach was undoubtedly a relief to both. On April 1, Douds became general counsel for the NALU.

By this time The American College of Life Underwriters was holding CLU conferment in addition to the one at the NALU annual meeting. In 1966 a record graduating class of 1582 Chartered Life Underwriters had persuaded the American Society to hold its 39th national CLU conferment dinner in Boston on September 8 during a two-and-a-half day meeting and forum. The second conferment exercises took place during the NALU convention in New Orleans and the third in San Francisco on October 13. By the end of the decade, the practice of giving out CLU diplomas at large conferment dinners, holding business meetings of the American College of Life Underwriters or the American Society of Chartered Life Underwriters during NALU conventions had ceased altogether. By 1970, all that remained as a reminder of former ties was the American Society's "CLU Breakfast."

Francis G. Bray, a graduate of Washington University in St. Louis and an agent for American General in Houston, was named president of the NALU at the 1967 convention which met in September in Atlantic City. As a young officer in World War II he had led the first wave of troops that touched shore at Omaha Beach on the morning of June 6, 1944. "He was pinned down by German machine gun fire for 18 hours, "Woodson , a close friend and associate of Bray's relates. "They had to wait until dark, then take their chances climbing up zig-zag to attack the enemy's fortifications." Trained in the law he had, nevertheless, been in the life insurance business for thirty-seven years, was a Life member of the MDRT and six-time qualifier for the National Quality Award. "Morally and intellectually strong, he has the ability to dominate without irritating," says Woodson. "And he just was a good president at a time he was needed."

The 1967 convention created another NALU-sponsored organization. Affiliated much in the ways as GAMC, the Association for Advanced Life Underwriting (AALU) became a conference of the NALU. The group was already ten

years old, and the proposal to make it an affiliate of the national organization had been under discussion for several years. Composed of some of the country's leading agents, the organization had it origins in the much-disputed "bank loan plan," or minimum deposit plans, that had flared up a divisive issue a the 1958 midyear meeting in Birmingham. The controversy was reminiscent of one over variable annuities (still raging in some quarters). The dominant faction in Associate circles objected strenuously to the practice of urging clients to purchase insurance by withdrawing funds form the cash value build-up in a whole life policy or with borrowed money generally. In effect, this could reduce the value of a whole life policy so that it provided no more benefits than term insurance, they argued. Like variable annuities, such schemes represented a departure from traditional permanent insurance. This they could not countenance. As a result, those agents interested in promoting minimum deposit plans separated from the NALU and formed their own organization.

Since its members had returned to the fold, C. Carney Smith arranged for the AALU to have an office at NALU headquarters. The group was already influential politically. Focusing primarily on federal legislation affecting employee benefits and taxation, the organization's annual spring meeting n Washington attracted leading members of Congress and the administration. Membership was limited to "those underwriters who engage in advanced underwriting work." At the time there were 348 members. James Poole was president. Their meeting with top government officials and leaders of the life insurance industry in Washington on March 12, 1968, was actually their eleventh annual meeting, even though it was their first as a conference for the National Association of Life Underwriters. John O. Todd of Northwestern Life in Evanston, Illinois, gave a brief history of AALU in its first decade explaining that it began as a protest group. He said he wished that other protest groups could be as successful in doing something "for the people instead of just to the people." In becoming a conference of the NALU, he told the members, it had created a tremendous opportunity to serve policyowners, agents and the life insurance business in general. "The agent," said Todd, "who serves what we call, for want of a better name, 'the advanced area,' can bring to NALU the kind of leadership activities it needs."[xxxiv]

In July 1968, Madelyn A. Guilian became executive secretary of the Association for Advanced Life Underwriting. A native of Birmingham, Alabama, Guilian was educated at Auburn University and the University of Alabama. Prior to joining AALU she had been working in Washington for the American Mining Congress and Congressman George Huddleston, Jr. Her familiarity with the Washington political scene, along with her quiet charm, a wonderful capacity for coping with detail and her unfailing discretion, enabled her to serve the organization long and well.

In 1972 Guilian was named executive director. Owing to failing health, she retired in July 1987 when she was succeeded by David Stertzer, former NALU executive assistant.

The end of 1967 saw the passage of a new Social Security bill giving a 13 percent increase in benefits. During preliminary hearings, the NALU and other industry groups had waged a relentless legislative campaign to limit many of the controversial and costly amendments proposed. "The increases in tax rates and benefits were not as great as those desired by the administration," *Life Association News* commented. "Through the work of organizations like NALU, the American people are beginning to learn that Social Security is not the bargain they imagine it is. They are learning that Social Security not only bites off a big chunk from their annual earning, but it also undermines private insurance."[xxxv]

The 1968 Republican Party Platform endorsed the NALU's plan to encourage private funding of higher education by allowing parents to set aside tax deductible funds in insurance contracts or other funding media to pay future tuition. "GOP adoption of the plank followed an historic first appearance before a national political convention by NALU president Francis G. Bray," NALU attorney David Pattison reported. "A similar presentation was made to the Democratic Platform Committee in August," he said. As a result the committee added a plank in the platform providing that the Republican Party would "continue to favor tax credits for those burdened with the costs of higher education, and also tax deductions to encourage savings for this purpose." *Life Association News* reported, "Syndicated columnists Robert S. Allen and John A. Goldsmith recently credited NALU with adding a 'sleeper' to the 1968 Republican Platform. An August 12 column listed 'a new plan, advanced by the National Association of Life Underwriters which would let partners set aside an annual amount, tax-free, for future college costs as one of the sleepers that could give the platform 'new meaning in this campaign year.'"[xxxvi]

The NALU convention, held in San Francisco during the week September 15, 1968, attracted national attention by having Vice Presidential candidate Edmund .Muskie of Maine as a principal speaker. Another well-known figure sharing the platform was Paul Laxalt, the governor of Nevada. Both discussed "Campaign '68—the Personalities and Issues of the 1968 Presidential Election." Calling for national unity, Muskie said, "Some Americans appear to want a change in government because they are anxious about their own security, racial tensions, crowded cities, pollution, crime and the increasing restlessness of youth." This had led, Muskie believed , to riots, demonstrations and the emergence of George C. Wallace, former Alabama governor and the presidential candidate on the American Independent Party ticket. "Wallace," Muskie said, "threatens the very foundations of our society."

While the Vietnam war, social unrest and racial strife created tension for the nation, the NALU found itself dealing with a constitutional crisis and a rebellious state association. In what became known in Association circles as "the Don Burns case." The delegates in San Francisco debated for more than ninety minutes on Thursday morning, September 19, on the amendment proposed by the California Association that would give the power to suspend or revoke a state local association's membership in the NALU to the National Council instead of the Board of Trustees. The amendment was ultimately defeated by a vote of 635 to 80. The debate reflected a yearlong dispute between California and NALU officials. At the center of the storm was Donald C. Burns, executive vice president of the California Association, a lawyer who also served as legislative counsel for the organization. It began when the NALU asked the California Association to change its annual convention date so it would not comes so close to the NALU annual meeting in San Francisco and possibly decrease attendance. Leaders in the California Association discounted that possibility and refused to accommodate the NALU. The NALU board then voted to suspend the California Association, as of April 1, but relented when a compromise was finally worked out. Addressing the convention Daniel J. Bennett, president of the California Association, attempted to explain their position, *Life Association News* reported:

> In June 1967, he said, the California Association decided to move its annual convention from June to October, the change to become effective this year. The decision, he emphasize, was not arbitrary. The California legislature now holds sessions every year. "It's impossible for us to hold our annual convention in June when key personnel are involved at the same time in legislative work," Bennett said. "Our executive vice president, Donald Burns, spends much of his time doing legislative work. It would be extremely difficult for him and others to give the necessary time to both the convention and the legislature…"
>
> Bennett said NALU headquarters had routinely approved the change, but later there was considerable opposition from NALU officers. Negotiations between California and NALU officials extended over a period of several months, Bennet told the National Council….The amendment proposed by California, Bennett declared, seeks to prevent a state or local association form having its rights subrogated by NALU's board of trustees.[xxxvii]

Jerome Kishnick, president of the San Francisco Association, spoke against the amendment contending the proposal did not reflect the feeling of most California members. Morland McManigal, former president of the California Association did not agree. No local association in California, he declared, voted against the amendment. Three votes were taken on this issue he said and all the associations favored it as well as the entire Executive Committee of the California Association.

A counter proposal offered by the NALU Board of Trustees that no association be allowed to hold a major meeting within thirty days of an NALU convention was also defeated—by a very narrow margin.

As usual at NALU conventions not all the time in San Francisco was devoted to ironing out difficulties and debating national political issues. There was plenty of social life and lots of time given to inspirational sales talks and practical selling techniques. A symposium on "The Present and Future of the Agent" featured Earl Clark, president of Occidental Life; Charles T. Clayton, executive vice president of Liberty National; Norman G. Levine, general agent for Aetna in New York City; and Jack B. Turner, agent for Provident Life in Clarksville, Tennessee. Marketing tactics were also the focus of the GAMC Management Program, the MDRT Hour and the women Leaders round Table Sellarama. Discussing the role of "The Life Insurance Agent in a Changing World" at the women agents' meeting were Fay Baziri Campbell, Reserve Life general agent in Washington, DC; Margaret Whelpley, Connecticut Mutual agent in Portland, Maine; and Elaine Loucks, with the Investors Syndicate Life in White Bear Lake, Minnesota. "If anyone asks what kept me in the life insurance business, I can answer in two words—positive thinking," Campbell told the agents. "If anyone asks me how I can run an agency and be a personal producer at the same time I can also answer in two words—time control." Dudley Dowell president of New York Life, was the principal speaker at the traditional WLRT dinner on the evening of September 15. President of the 427 woman agents' organization that year was Mary E.L. Cassedy, an agent with the New York Life in Kalispell, Montana.

The delegates chose Roy D. Simon to serve as president of the national organization. A thirty-one-year veteran in the business, Simon was an agent for Penn Mutual Life in Chicago. He was regarded as a good representative of the upper quality personal producing agent. Fortunately this was a comparatively uneventful year for the NALU. In June, Simon suffered a heart attack while playing tennis with a friend. Consequently, he was unable to take an active part in association affairs for much of the remainder of his term.

On January 8, 1969, Julian Myrick died; he was eighty-eight, "Our nation has lost a most distinguished citizen," C. Carney Smith wrote to the members of the board and past presidents, "and we of NALU rightfully mourn a great leader, wise counselor, and devoted friend."

This year marked the twenty-fifth anniversary of the National Quality Award, the oldest distinction available to career agents through the national recognition program. Since 1960 the industry had been offering the Health Insurance Persistency Award to promote and recognize quality business in the health insurance field. In 1969 the NALU and the International Association of Health Underwriters began co-sponsoring the Health Insurance Quality Award. Based on a thirteen –month policy persistency, eligibility depended on an agent's belonging to one of these organizations and being engaged in selling coverage for disability income, hospital, surgical, major medical expenses, and similar types of insurance.

The NALU held its 80th convention in Houston where freshman Congressman George Bush of Texas stood in for Gerald Ford who was detained by the funeral of senator Everett M. Dirksen in Washington. Bush devoted most of his speech to defending the justice of the American cause in Vietnam and praising President Nixon's foreign policy. "In Vietnam we seek the self-determination of a people, not territory or military victory," he said.

Raymond E. King Jr. general agent for Lincoln National Life in Charlotte, North Carolina, was chosen president of the National Association. King was very active in North Carolina politics, and even contemplated running for Congress. He willingly offered his legislative influence and political know-how in helping to advance the interests of America's life insurance agents. While serving as an NALU trustee, he headed the Special Committee to study and make recommendations regarding the associated agents' political activities. This committee had been responsible for the organization of the Life Underwriters Political Action Committee, and King had served as LUPAC board member for three years.

The 1969 Russell award recipient was John O. Todd who was applauded as a highly productive and innovative life underwriter, a popular speaker and an institutional leader through his involvement with the Million Dollar Round Table, the NALU and the Association for Advanced Life Underwriting. Nearly eight hundred people attended the award dinner. Former NALU president Philip Hoche made the presentation and former Texas governor John B. Conally was the featured speaker.

During this period NALU executive vice president C. Carney Smith continued expanding and refining the Associations organizational structure. Changes in personnel imposed readjustments in some areas, while they brought relief to others. The addition of another young attorney, Michael L. Kerley, in the summer of 1969 gave the legal department a staff of five. In January of 1970 Robert H. Wood, director of administration and personnel, resigned to become assistant executive director for the National School Boards Association.

On February 6, Hebert G. Keene, NALU's business manager, died in his office of a heart attack. He would have been 65 on February 21. Keene had served as NALU's business manager since 1957. Smith appointed Lee Derkay director of administration and in April hired Douglas Blair as office manager. A year later Samuel Bohinc, a recently retired army officer, replaced Blair. During the summer of 1971, Charles D. Rumbarger, formerly executive director of the Pennsylvania Association of Life Underwriters, was hired to direct the NALU field services program.

Meanwhile, the NALU's sister organizations underwent managerial readjustments as well. In March 1970 the Life Underwriters Political Action Committee acquired a permanent director, Austin Adkinson, and soon afterwards set up offices in NALU headquarters. On November 25, Horace Flickinger, executive director of GAMC, suffered a heart attack. He died on January 8, 1971, at Bon Secours Hospital in Baltimore. In the emergency L. Kent Babcock of Philadelphia took over the management of the organization until a permanent director could be found. Since he was also head of LUPAC, Babcock found himself with a heavy schedule that necessitated frequent commuting between Philadelphia; and Washington. He was relieved in early 1972 when Kenneth Van Riper, Jr., was hired as executive director of GAMC. Riper's assistant was Robert H. Humphreys who became the organization's director during the last months of 1973.

The early 1970's also witnessed several personnel changes on the staff of Life Association News. In 1970 Gaglio hired Joseph C. Razza, Jr., to replace David I. Bohart as associate editor and Wallace I. Longstreth replaced staff writer Jerry Gordon in 1971. Following other resignations, Edward P. Keenan was hired in January of 1972.

During the January 1970 meeting the NALU Board of Trustees issued its first official statement of the matter of agents charging fees for financial services. *Life Association News* reported:

> In adopting a policy on "Service fees" the board stated that it should be permissible for a life insurance agent to charge a reasonable fee for services rendered a client. However, the board added that a written agreement between the life underwriter and the client should be made regarding any such fee, and the agreement should be entered into before such services are performed. The board further stated that a "service fee" is contingent, of course, on the fact that such a "practice is not contrary to state law or does not involve the unauthorized practice of another profesion."[xxxviii]

In an unprecedented move, NALU trustee Fred E. Provenzano, general agent for Kansas City Life in Colorado Springs, withdraw his candidacy for NALU secretary late that summer. Ordinarily the successful candidate for NALU secretary becomes the Association president two years later. A dedicated association worker, Provenzano was popular with the agents. It was not an easy decision, but he had serious health problems and felt he had no choice But to step aside. At the annual meeting that fall in Minneapolis, the delegates chose W. Franklin Steiner of Mobile, Alabama, to serve at the Association's secretary.

As war raged in Vietnam in the early 1970's, America's streets, parks and college campuses echoed with amplified rock music, cries of protest and threats of violence. Highly publicized on nightly television news programs, demonstrations of civil disobedience conducted by denim-clad, unkempt and often disorderly mobs of university students and youthful hangers-on became almost commonplace. The aim was to disrupt normal activity to voice opposition to American foreign policy in southeast Asia and to put an end to conscription. The angry rhetoric generated a good deal of unpleasantness, and everyday life was sometimes interrupted either by actual or rumored acts of terror. " If and when someone ever writes a 100 year history of the National Association of Life Underwriters," commented a reporter for *Life Association News* in October 1970, "he might observe in a footnote that the 81st annual convention's informal but dominant theme was the possibility of finding a hidden bomb at a meeting site and what to do if one were actually found." When the 3,200 registrants and guests converged upon the Leamington Hotel on September 13, he explained, Minneapolis, like a number of other cities in the Midwest, was experiencing a few bombings and numerous bomb scares in public places. "Fortunately," he added, "none of the NALU meeting was interrupted by crackpots placing bombs in obscure places or making phony bomb threats over the telephone."

Emphasis at the Minneapolis meeting was on salesmanship and marketing techniques. Forty-two-year-old Herbert F. Mischke, agent for Equitable of Iowa in St. Paul, Minnesota, was named NALU president. A highly successful agent, he regularly qualified for the Million Dollar Round Table and, as former president of the American Society of Chartered Life Underwriters, Mischke had been very active in life insurance education. C. Carney Smith received the John Newton Russell Memorial Award that year. In citing him for the honor the committee said, "You have employed vast talents as communicator to challenge us to do what is right, to build, to bring us closer together. …Under your direction, NALU has shown marked and continuing growth, creative expansion of services and broader involvement in public affairs, government relations and political education and action."

When the ninety-second Congress convened in January 1971, its members faced a hefty agenda and a heavy social calendar. Not the least item on their list was the annual reception at 1922 F Street. An impressive two hundred fifty Senators, Representatives and government officials came to NALU headquarters to meet or renew acquaintance with the Association's officers and executive staff. One topic of discussion was the growing concern in the insurance industry over the intrusion of banks in the field of insurance. The 1970 amendments to the 1956 Bank Holding Company Act raised a number of points that only became clear on August 10, 1971, when the Federal Reserve Board announced its long-awaited decision on insurance agency activities in banks. Under the act, bank holding companies were permitted only those activities "so closely related to banking or managing or controlling banks as to be a proper incident thereto." Consequently, the agents objected to the new ruling that allowed banking institutions to provide insurance that was "directly related to the provision of other financial services by a bank or such a bank-related firm." The NALU also took exception to banks providing insurance "sold as a matter of convenience to the purchaser." As the NALU's legal department pointed out, "It is very difficult to follow the reasoning…that an activity engaged in 'as a matter of convenience to the purchaser' can be said to be one 'so closely related to banking or managing or controlling banks as to be a proper incident thereto.' If the convenience of the purchaser is the criterion for determining what is closely related to banking, then indeed no activity of any kind is really prohibited. It is no answer to this objection that the privilege is seriously restricted….NALU is very seriously concerned with this provision and is studying it to determine what further steps might be taken to have it removed form the regulation."[xxxix]

Delegates at the 1971 national convention elected John P. Meehan of Boston to serve as president of the national organization. This was the first annual meeting held in New York City since 1918. The New York Hilton was the center of most of the activity and "Consumerism and Life Insurance" dominated as the principal topic of discussion. A panel discussion was devoted to "Delivering Health Care to America—How and by Whom?"

The success of the convention demonstrated that Marvin Kobel and his staff had gone to considerable trouble to provide a well-orchestrated and interesting meeting. The NALU's public relations office drew accolades for some of its other projects, as well. Trustee Iram H. Brewster, chairman of the Public Relations Committee, announced that an advertising campaign in nationally circulated magazines would begin in January of 1972. The series of six advertisements, appearing in *Newsweek, Time* and *Sports Illustrated* were designed to draw favorable attention to the services performed by career life insurance agents.[*]

Those attending the convention also got a viewing of the first three films of the series on "Your Career in Life Insurance Selling." Primarily inspirational, these movies depicted the life insurance agent's vocation as interesting,

useful and fulfilling. The plan was to make the whole series available to local associations for showings at their meetings and in schools. The year before, the NALU's Public Relations Department had supplied the agents with a very successful series of films dramatizing insurance as a factor in family financial security. These had been produced at Auburn University's drama department in cooperation with the Institution of Life Insurance.

Kobel's ingenuity in obtaining a very popular speaker, Bishop Fulton J. Sheen, for the John Newton Russell Award Dinner also won the applause of the diners. Robert L. Woods, a thirty-seven-year veteran general agent for Massachusetts Mutual in Los Angeles, received the award. Commenting on the violence of the times Sheen said, "Discipline was declined everywhere except in the military academies and on the football fields. We will get rid of violence wen we get discipline at home." Still, he added, "There is much hidden love. I know of a beautiful airline stewardess who gave up her career in the United States to serve in a leper colony in Vietnam…So, love can reign in the heart despite all the unrest we see today."

The New York convention was also the occasion of the LUTC's silver anniversary. Both Benjamin N. Woodson and Edmund L.G. Zalinski were on hand to toast the milestone. "LUTC still keeps on teaching and preaching the fundamentals of life underwriting, the fundamentals of cash value life insurance and the usefulness but the limited effectiveness of term insurance," Woodson declared. "LUTC will continue to teach the values of guaranteed bargaining power, the values of basic guarantees, the values of life insurance for many business uses. It will continue to teach those things and will do it merely better and better and better," he concluded.

Hosted by LUTC board chairman Jack Peckinpaugh of Muncie, Indiana, the special luncheon in the Imperial Ballroom of the Americana Hotel featured U.S. Representative to the United Nations George Bush as principal speaker. Bush did not speak of insurance but of foreign policy, focusing particularly on the question of Red China's admission to the United Nations. "The times require new approaches," he said, "a readiness to talk, a willingness to intent—because the alternative of war is no longer acceptable to the human race….The world is now too small for war."

On July 31, 1972, the first known sale of a variable life insurance policy in this country was made in Little Rock Arkansas. The buyer was the Arkansas Neurological Clinic, Ltd., as part of a qualified pension plan for its employed which purchased the policy from Aetna Variable Annuity Life , a Little Rock based subsidiary of Aetna Life and Casualty. Life Association News reported the incident in its September number that year:

> Dr. David A. Miles, head of the clinic, said he was pleased to have purchased the nation's first variable life policy and that he believed "my employees and I have the best retirement and protection plan money could buy anywhere in the U.S."
>
> The policy provides that the cash value and death benefit will vary with the investment performance of a separate portfolio of equity securities in which premiums are invested. However, employees are guaranteed that the death benefit may never be less than the initial face value of the policy regardless of investment performance.
>
> Arkansas insurance commissioner A. Gene Sykes recounted that in 1954 his state had chartered Participating Annuity (now Aetna Variable Annuity Life) "and it was here that the company wrote the first commercial variable annuity contract.
>
> "In 1968," he continued, "we were the first state to grant approval for the sale for a variable life insurance policy. We believed then, and we still believe, in the desirable potential offered by life insurance that's linked to the economy…."
>
> John D. Marsh, CLU, chairman of Aetna Variable, explained that variable life, while a new concept in U. S. corporate qualified pension and profit-sharing plans, has been sold in many markets for years in Canada, and currently accounts for some 10 percent of all life insurance bought in Western Europe…
>
> The SEC is currently weighing whether variable life contracts should be treated as securities under federal securities laws.
>
> William B. Lusk, Aetna's national director of marketing and agencies, said that while Aetna is waiting for SEC's decision, his company will begin seeking regulatory approval in other states to offer the product as part of corporate qualified pension and profit sharing plans.[xl]

By the following March NALU executive vice president Carney Smith was able to report,"At long last the SEC has made its decision on variable life insurance. SEC determined that while variable life insurance is a security, subject

to securities laws and regulations, agents selling variable life will not be controlled by commission scales that pertain to mutual funds." Smith predicted a rush to promote the new product. "It would seem," he added, "that most of the objections that the agent might have to variable life sales are taken care of in the product design now being contemplated by most companies interested in the field and by the ruing of the SEC."

Consumerism was becoming a popular concept at this time. Developing a method for adequate cost disclosure for an increasingly skeptical public posed a real problem of the industry. How to estimate the value of a policy and project its ultimate value was a delicate ethical issue for agents. With the advent of interest sensitive policies it is hardly surprising that various methods of comparing policies was a hotly debated question. When the NALU held its annual convention in Atlanta, a debate over the proposed "interest adjusted method" of valuation lasted more than an hour. In the end, the delegates approved the resolution offered by Richard W. Bandfield, agent for New England Life in New York City, which said "that the National council go on record in opposition to the required use of any specific formula and idea which purports to represent the cost or relative value of a life insurance." The delegates also endorsed the choice of W. Franklin Steiner of Mobile, Alabama, as president for the 1972-73 Association year. An agency manager for Lincoln National Life, he was regarded as an excellent representative of the home service side of the business.

NALU treasurer Paul E. Gibson of Washington, DC resigned on December 1, 1972 to become regional vice president of Lincoln National Life. In a mail ballot vote, the Board of Trustees elected L. Kent Babcock treasurer. Speaking of Babcock's long service to the Association Steinger observed, "It is fortunate indeed that he has once again made himself available to help the association carry out its organizational responsibilities. In the past he ably stepped into the breach to serve the remainder of the term of a deceased NALU trustee and was acting executive director of the General Agents and Managers Conference of NALU after the death of Horace D. Flickinger."[**]

In 1973 the American Life Convention and the Life Insurance Association of America merged to create one organization, the American Life Insurance Association. (Later the name was changed to the American Council of Life Insurance [ACLI] and the organization absorbed the institute of Life insurance which functioned as its public affairs and press relations department. Blake Newton, president of the Institute, became head of the new organization.) "This merger culminates about 25 years of effort by both associations to create a single organization to represent the life insurance companies selling the bulk of the business," commented *Life Association News.* "The new association serves 355 member companies, representing about 90 percent of the $1.6 trillion of all the life insurance in force in America," the article added. Offices in New York and Chicago continued to operate until June 30. At that point both groups consolidated the operations and set up office at 1730 Pennsylvania Avenue, N.W. Washington, DC.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] Each of the magazine ads emphasized a theme such as competence, ethics, or service. The one labeled "Service," for instance, read: "Thoughtful, professional, efficient service. That's what you expect and need form a person who helps you plan for the overall well-being of your family and business. The person? A well trained businessman…a career life underwriter who constantly updates his knowledge, upgrades is skills though meetings, continuing education, research. NALU…The National Association of Life Underwriters is dedicated to helping its locally affiliated members provide the best possible service."

[**] In 1964, Babcock completed the term of NALU trustee Ed H. Downs, General Agent for Midland National in Aberdeen, South Dakota, and a former state senator, who had died of a heart attack on October 31.

[xxix] LAN, August 1966, p. 22

[xxx] Smith: Interview, May 1985

[xxxi] Fluegelman: Interview, September 1985

[xxxii] LAN, October 1966, p.3

[xxxiii] Ibid., p. 24-28

[xxxiv] LAN, May 1968, pp 99

[xxxv] Op. Cit., January 1968, p. 21

[xxxvi] Op., cit., September 1968 p. 29

[xxxvii] Op., cit October 1968p. 23

[xxxviii] Op. Cit., March 1970, p. 87

[xxxix] LAN, September 1971, pp 104-105

[xl] Op. Cit. Pp. 120-121

Voices from the Field

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

Their presence in Washington was needed. The Senate Antitrust and Monopoly Subcommittee began investigating the life insurance business February 19-23. Reporting on the proceedings, *Life Association News* noted:

> Life insurance companies, agents and insurance commissioners came under heavy attack from most of the 17 witnesses testifying during the first round of hearings….
>
> In opening the hearings, subcommittee chairman Philip A Hart (D-Mich.) observed, "There is a very clear antitrust concern over the way the life insurance market operates today…"
>
> The lead-off witness was consumer advocate Ralph Nader, who charged that the industry's "contrived complexity, secrecy and public relations have fulfilled a strongly supplementary camouflage function. Hidden behind this camouflage are two principal levers of maximizing life insurance company profit or surplus—deception and ironically, gross waste. Neither redounds in any way to the consumer's benefit."
>
> Nader further charged: "Through deception and inadequate information, the life insurance industry dupes husbands into short changing their wives and children by buying too much of the wrong kind of insurance or too little of the right king at excessive prices…"
>
> In his testimony, Joseph M. Belth of the graduate school of business at Indian University said the life insurance market is best characterized by three words, "ignorance, complexity and apathy." Their combined effect, he believes, "produces fertile ground for the exploitation of consumers.
>
> Belth maintained that the technology exists for accomplishing adequate disclosure procedures; all that is needed is legislation to implement it. Belth suggested this alternative to a rigorous disclosure system: the standardization of life insurance policies and a drastic reduction in the number of policy types.[xli]

Spencer L. Kimball, professor of law at the University of Chicago pleaded for keeping matters in perspective. "There are many difficult problems, but there are not now as there were once a long time in the past, gross abuses of the public," he insisted. "Whatever its deficiencies, it is my considered judgment that the life insurance industry on the whole is run by honorable men. It is not a monster, seeking to gouge the public. Conservative and lacking innovativeness it may be; reluctant to accept some modern techniques for the clarification of the life insurance market it undoubtedly is. Nevertheless, the life insurance industry is not responsible for any substantial part of the ills of the modern world… It is not bad, nor immoral nor lacking in concern for the public welfare, any more than the rest of us." Kimball explained that the theory behind price disclosure by an interest adjusted method is that the policyholder should know what he is paying for his protection so he will not be misled into thinking that he is getting it for free.

Unfortunately moderate realists such as Kimball held little sway over public opinion at the time. Among the leaders in the NALU it was becoming clear that the public's perception of the business and the popular impression of the agent and his role were concerns that merited top priority. Underscoring this in his "Viewpoint" column for June 1973 Carney Smith observed, "NALU is big business. Increasingly the future of its membership will depend upon activities not directly related to the sale of life insurance. The future of the agency system may rest on the activities of such committees as Public Service, Public Relations, Federal Law and Legislation, State Law and Legislation, and others."

In this atmosphere of consumerist activism the NALU reinforced its long established support of professional education and training by adopting a new policy favoring meaningful licensing examinations of life underwriters coupled with continuing education requirements. In 1973 at the January board meeting Steiner proposed the establishment of minimum educational qualifications for agents joining local associations. "The time has come," he told the board, "For us to consider seriously the setting of minimum training requirements of continuous membership

in NALU. If a life insurance salesman is not willing to meet these minimum requirements within five years from his initial date of entry, I seriously doubt that we should lend the prestige of our organization to him." Noting that the Life Underwriter Training Council was willing to cooperate in developing standards, Steiner pointed to the success of the Life Underwriters Association of Canada in getting agents to comply in meeting a set of minimum standards. The board agreed and a task force headed by NALU secretary Norman G. Levine set out to come up with some specific proposals.

Meanwhile, in February, a special Career Path Development Committee met at NALU headquarters to consider the various approaches to establishing guidelines for competency and success in the business. It was a distinguished group. Former NALU president Herbert Mischke acted as chairman. Insurance commissioner J. Richard Barnes of Colorado, Dr. Paul Thayer, senior vice president of the Life insurance Agency Management Association, Dr. Kenneth Black, Jr., dean, School of Business Administration at Georgia State University, and Dr. Vane Lucas, vice president of the American College of Life Underwriters, were some of the members. "The purpose of the committee," Carney Smith explained, "is to upgrade the competence of life underwriters by creating a program of training for them that can be followed by all companies within the framework of their own operation."

The ideas generated at these and other meeting throughout the year met with the approval of the majority of the agents. The following fall the National council passed an amendment to the constitution and bylaws mandating minimum professional education criteria for continuing membership. The rule applied only to those joining local associations after January 1, 1974. Within five years after joining an NALU affiliate, each member had to show evidence of having successfully completed two parts of an LUTC course, or either part of an LUTC life course and two parts of a CLU course, or any four parts of the CLU curriculum. In some cases company training courses at a comparable level could be accepted. "This is probably the most significant step that we have taken as a response to consumerism," Smith commented, noting that NALU's action had been endorsed by the National Association of Insurance Commissioners and the companies as well.

Mischke's committee produced a booklet outlining the opportunities as well as the personal qualities and educational requirements needed for a fulfilling career in the business. While it set rather high performance standards, the booklet nevertheless offered specific practical advice for pursuing the avenues of success in the various marketing areas for life and health insurance. In 1974 when Mischke's committee released its career path document, Smith told the agents:

> The career path document is the second step to demonstrate to the world that we know that service is our business and that we are doing all we can to encourage our members and all who wish to join us to prepare themselves to give more and better service.
>
> We realize that there are significant differences among life underwriters with respect to the types of insurance, markets, products and volume being sold. It is the opinion of NALU, however, that continuing professional education and career development should be the primary objective of every life underwriter. Continual changes in products, markets, public attitudes, government programs and laws which affect the insurance industry and the insured make it necessary for competent life underwriters to follow a pat of meaningful career development.[xlii]

The NALU also increased its real estate holdings in Washington substantially on August 1, 1973, with the purchase of the 19th century townhouse at 1918 F Street, the lot adjacent to the Association' headquarters, at a cost of $155,618.41. Reporting to the Executive Committee at the group's January 1974 meeting in Miami, NALU treasure L. Kent Babcock said that the property was purchased "with NALU assuming a $5400 mortgage and paying $100,00 in cash. The mortgage carries an interest rate of 6 3/4% and matures July 1983." Offering furthering details, the report noted, "It is currently rented for $1350 per month. That figure is tentatively scheduled to be increased to $1750 per month." The tenant was the Government of Uruguay, which used the building at its chancery.[xliii]

By September 1, 1973, combined membership in all associations amounted to 118,000. Lester A. Rosen agent for Union Central in Memphis became president of the national organization at its annual convention in Chicago. Rosen was highly regarded in insurance circles and a well known figure nationally. He had entered the business shortly after his graduation form the Wharton School in1933. Named president of the Million Dollar Round Table in 1962, he had also served as chairman of the life Underwriter Training Council in 1967. *Life Association News* commented, "Lester Rosen is a soft-spoken but persuasive man who generates good will and reasonableness. He has demonstrated his ability to rally others to important purposes through cooperative, harmonious action, and he looks to his NALU presidency with an all-encompassing 'whole-man' concept of the career life underwriter."

In his report to the convention Carney Smith reviewed the NALU's continuing influence abroad:

> Our interest in life underwriters everywhere has continued though the years. We have helped organize

> associations in Jamaica, the Bahamas, Europe and Japan, and just recently it appears there will be an association in Singapore. There is a delegation from Japan attending this convention. I want you to know that your president and other delegates form this country representing several of our states made a big impression on their Life Insurance Education Forum held in Tokyo in April. The work that we have done over the years in aiding life underwriters around the world has been cited by the international People–to–People program as an outstanding example of the kind of diplomacy that they believe will lead to peace.[xliv]

Rosen made an excellent good will ambassador for the agents. Extending the NALU's international influence farther, he and Smith traveled to Australia and New Zealand that winter. Neither country, they discovered had agent licensing laws and the relationship between agents and companies left much to be desired. "We were invited because agent needed helping getting their associations organized and functioning better," Smith said. "LUTC and CLU do not exist. Some life companies have training programs, but most people selling life insurance have no training." Reporting on conditions in Australia, Smith told the agents, "Companies fear that a strong association of life underwriters will lead to a union. We assured company executives that NALU is not a union and that we did not believe associations in Australia or New Zealand would become agent unions. It was most enlightening when we sat down with chief executives of major companies in Sydney and Melbourne. Not only was this the first time that company officers had sat down with agents, but it was also the first time all the executives had sat down with each other."[xlv]

Smith had personally delivered sets of the LUTC textbooks to the association leaders in New Zealand and Australia. Friendly relations with the Australians became more firmly established a few months later when T.A. Westley, federal president of the Life Underwriters Association of Australia, visited Smith and members of the NALU executive staffing Washington. Wesley found the time spent with members of the LUTC staff particularly enlightening.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xli] LAN, April 1973 pp 81-85

[xlii] LAN, February 1974 p. 21

[xliii] NALU: "Minutes of the NALU board of Trustees, Miami, florida, January 10 & 11 1974," p.5

[xliv] LAN October 1973 p. 27

[xlv] LAN, April 1974, p. 19

Voices from the Field

The NALU Responds to Consumerist Activism

Meanwhile, Kobel and his staff had been busy developing more public relations projects. During Rosen's administration a second series of NALU sponsored advertisements appeared in national magazines. There was also a Public Broadcasting Service Television series, "You Owe It To Yourself." The ten-part series covered various aspects of money management and family finances to show what life insurance, health insurance and estate planing could accomplish for the family's security. Using the quiz show format, the series, created and produced by WITF-TV, in Hershey, Pennsylvania, was made possible by a $75,000 grant from the NALU. Allen Ludden, nationally known quiz-master of "Password," was master of ceremonies. At the height of the viewing season nearly on hundred forty PBS stations were broadcasting the NALU-funded series.

Reinforcing its earlier stand on agent qualifications, the NALU Board of Trustees at its June 1974 meeting issued a policy statement urging the nations insurance commissioners to design and administer uniformly stringent licensing examinations. Commenting on the board's action, Rosen said, "convinced that the rationale for continuing professional educational requirements for life insurance agents in some states, the NALU board of trustees looks upon its new policy position on agents' licensing qualifications as appropriate, timely and in the best interest of the public and our business."[xlvi]

The NALU held its eighty-fifth annual convention at the Shorehame in Washington, D.C. "A four-way race for secretary and ten candidates vying for six trustee vacancies gave the meeting a highly charged atmosphere starting as early as Sunday morning, September 8," *Life Association News* reported.

In the four-way race for secretary, the National Council elected NALU trustee Robert W. Forker, agent for northwester Mutual in Zanesville, Ohio. Norman G. Levine, general agent for the Aetna in New York City became president of the national organization. A University of Wisconsin graduate, he had served in the Army during World War II. A member of the Million Dollar Round Table who enjoyed more than usual success as an agency manager, this twenty-six-year veteran of the business had long been active in Association affairs. He had also been involved in the work of the Association for Advanced Life Underwriting and was a former board member of the Life Underwriters Political Action Committee. Articulate and energetic, Levine is generally regarded as one of the most impressive personalities to serve as NALU president during the last two or three decades.

Blake T. Newton, president of the Institute of Life Insurance, received the Russell award of 1974. Cited for his energetic and imaginative efforts to improve the image of life insurance before the world, Newton was one of the most respected men in the business. He had succeeded Holgar Johnson as head of the industry's public relations arm in 1962. "All of you at this meeting do indeed make a tremendous difference to the lives, welfare and the health of the people of this country," he reminded the nearly 1,500 business leaders gathered in the dining room. "We propose to tell the people and to remind them of this. Your own recognition of this fact can make all the difference."

Although it had done better in picking winners on previous occasions, the Life Underwriters Political Action Committee still maintained a fairly impressive track record in the November 1974 elections. It approved contributions for three hundred thirty-three candidates for federal office. Of the candidates approved nearly 80 percent were elected to the 94th Congress. The agents had been generous in their support of LUPAC during the early seventies. Evidently all misgiving about life underwriters having a political action committee had disappeared. A regional program sponsored by the AALU in the autumn of 1974 had raised over $71,000 for LUPAC. Given the title "A Morning with the Stars," nationally recognized, outstanding producers such as Tom Wolff, Frank Nathan, Hank McCamish, Bill Harmelin, Frank Sullivan, and John Savage shared their proven ideas and methods for the successful marketing of life and health insurance products with thousands of career underwriters. A substantial contribution to LUPAC was the ticket of admission. *Life Association News* reported, "Denver, Atlanta, Dallas, and Minneapolis-St. Paul each netted $12,000 or more, chiefly through major efforts to enroll Century Club members." The next year a repeat performance brought in even more money.

As president of the NALU, Levine was eager to see more agents involved in association activity. In November, he told the members of the American Life Insurance Association at the "Tom Grant" breakfast meeting in San Francisco, "The National Association of Life Underwriters should reach a new high in membership in 1975. We should have over 130,000 members. We believe that three are about 2500,000 people selling life insurance full time,

and over half of them are members of NALU."

Reflecting the continuing growth, by the mid-seventies the NALU was employing eighty people at its Washington headquarters. Roland Panneton, an attorney formerly without the Department of Justice and a graduate of the College of William and Mary and the American University's Washington College of Law, had joined the staff of the legal department in 1974. By the beginning of the new year another young attorney, William B. Scher, Jr. was added to the law department as tax counsel. Scher had a degree in economics from the University of Pennsylvania and had recently taken his doctor of law degree at George Washington University. He had previously served in the legal division of the board of Governors of the Federal Reserve System. At the same time Robert Dolibois was hired to assist Charles Rumbarger in the Field Service Department.

Levine presided over the NALU at a busy time. On the legislative front two chief concerns were the intrusion of banks into the insurance field and getting the insurance commissioners to accept the NALU' proposals for high educational standards in the licensing of agents. The insurance commissioners at their annual meeting gave serious consideration to the agents' proposal but took no conclusive action at that time.

The 1975 NALU convention in Anaheim, California, was a gala affair. Held in the immense grand ballroom of the Disneyland Hotel, the glittering John Newton Russell Memorial Award Dinner was undoubtedly one of the most brilliant evenings in the Association's history. About 2,400 attended the dinner. Lester A. Rosen was the recipient of the award, and the principal speaker was Gerald R. Ford, President of the United States. In citing Rosen for the Russell award the committee observed, "You have lavished your fellows, regardless of their station or condition of life, with an inspiring generosity and consideration, you have never asked from others that which you haven't given yourself."

Drawing attention to the President's address, which was enthusiastically received, Life Association News reported:

> In his speech, President Ford noted that life underwriters typify the free enterprise system. He commended life underwriters for the leadership they provide in their communities; for their public service efforts; and for their work in the political arena. He said the work of life underwriters and the investments of insurance companies are "an impressive vote of confidence in the future of America." He promised to continue to battle against the forces of inflation and the inflationary pressures contained in legislation passed by Congress.
>
> He said, "Our task today is to get the mighty engine of free enterprise running at full throttle again." He emphasized that government has a limited capacity to help the economy, but an almost unlimited capacity to harm it. He reminded the life underwriters that "a government big enough to give you everything you want is a gpvernement big enough to take from you everything you have"[xlvii]

The delegates elected Bruce C. Hendrickson of Holdrege, Nebraska, to serve as president for the 1975-76 term. He was one of the NALU's rare midwestern small-town agent presidents, and one of the youngest.

Commenting on Hendrickson's year of service to the NALU at the 1976 convention in Miami, Carney Smith said, "Coming as he does form a small town in Nebraska, he represents 'middle America.' He also represents the kind of agent anyone can be if he or she wants it badly enough. He writes over 100 lives a year and his annual production recently has fluctuated between $2 and $5 million a year, which, incidentally, is a fairly good bracket in which to fluctuate. In this, his presidential year, he has so far paid for over $2 million in new life insurance. He has done this in spite of the heavy demands on his personal time by his duties of his office, which calls for a considerable amount of travel."

This was a time of intense federal legislative activity for the NALU. Consumerist issues, such as cost disclosure, national health, the relationship between banking and insurance, and a number of closely related problems made the 1975-76 Association year an exceptionally busy one for the Association's legal staff. Equally in demand was NALU secretary Jack E. Bobo, a general agent for New York Life in Phoenix, Arizona, who also served as cochairman of the committee on Federal Law and Legislation. Working closely with the NALU's leadership, Bobo testified four times in two month before Congressional committees. "Everyone who heard him, including Congressmen and Senators, was impressed with his knowledge and his articulateness," Smith commented later.

On December 3, 1975, Bobo appeared before the Senate Subcommittee on Housing and Insurance of the Committee on Veterans Affairs to present the NALU's statement concerning S. 2218, the bill to require the Administrator of Veterans Affairs to provide veterans with certain cost information relating to the conversion of government-supervised insurance to individual life insurance polices. The bill called for full cost disclosure. Pointing out that for a whole life policy the agent's commission usually amounted to about 55 percent of the first year's premiums and emphasizing the importance of the agent's role in an insurance transaction, Bobo told the senators,

"Because of the nature of a life insurance sales arrangement, we are not persuaded that information as to the front-end load, or commission, payable to the agent for the sale of a life insurance policy would be really meaningful for the consumer." Explaining further, he said:

> Since permanent whole life insurance is paid for over a period of years, rather than all at once the agent's commission should properly and fairly be considered in the context of the total purchase price, rather than on its relation to the premium paid on the first year, because a substantial portion of the commission is directly dependent on the total price ultimately paid.[xlviii]

Before the year was over, Bobo also testified before the House Ways and Means Subcommittee on Health to present the NALU's views on the general subject of national health insurance. "The basic problems with our system, as we see it," Bobo told the members, "are: not everyone can share in its benefits; and services are not always available for all persons when needed. The reasons for these problems are complex and involve more than just the insurance mechanism or the medical personnel involved. All elements of the system share in the responsibility for the system's shortcomings." Reiterating the agents' long opposition to nationalization of the health care industry, he said the NALU favored any affirmative policy that would "blend the capabilities of the private health system with the unifying force of the federal government which builds on our present system….We advocate a partnership, not a sole proprietorship." Speaking in favor of the proposed health care bill, H.R. 5990, Bobo remarked:

> H.R. 5990 encourages the creation of ambulatory healthcare centers whose primary responsibility and emphasis would be disease prevention and health maintenance and treatment of illnesses on an outpatient basis. The bill provides for loans and grants for the construction of new ambulatory healthcare centers and the modernization of those, which already exist.
>
> In order to coordinate all aspects of our health care system, NALU believes that planning and management should be instituted at the highest levels. NALU notes with approval, therefore, the National Health Planning and Resources Development Act of 1974. This Act, when fully implemented, promises to accomplish most of what H.R. 5990 recommends in the way of health planning. NALU is delighted that this authority has been created and looks forward to positive results.[xlix]

Early in 1976. Bobo testified before the Senate Banking Committee on a bill introduced by chairman William Proxmire to reassert Congressional control over the entry of banks into other businesses. He told the committee the NALU had long been vitally interested in legislation which would seek to protect the consumer from the effects of undue concentration of resources and economic power in any one segment of the economy, from decreased or unfair competition, conflicts of interests, unlawful tying arrangements and coercion.

One group that worked especially hard during this time to get out the message on the value of life insurance was the NALU Education Committee. With the leadership of its chairman, Robert L. Rose, the committee had executed a very successful program to establish life and health insurance reference shelves in local public and school libraries. They had also had some success in preparing and introducing twelve-week classroom courses in family finance and money management in adult education departments in a number of localities. In November of 1976 immediate past president Hendrickson, James M. Hamilton of Houston and headquarters aide John Galloway participated in the Commissioner's National Conference on Career Education at Houston. An official national bicentennial event sponsored by the U.S. department Of Education, the conference was attended by some 9,000 teachers, guidance counselors, officials from state and local education departments and student leaders. The NALU had a booth on career information and its representatives distributed over 55,000 pieces of literature produced by the NALU, the American Council of Life Insurance and the Life Insurance Marketing and Research Association. Hendrickson, Hamilton and Galloway also addressed a workshop with a panel discussion on career opportunities in life and health insurance selling.

The NALU's Committee on Planning and Development, headed by Herbert F. Mischke, proposed a program to focus attention on the work of Association executives. The recognition, the committee suggested, would be appropriately named the C. Carney Smith Award for the Advancement of Professionalism in Association Management. The committee's annual report explained:

> The Committee recommendation for a special award honoring C. Carney Smith, CLU, executive vice president of NALU, to a deserving state or local association executive was discussed and presented to the NALU Board of Trustees and a special committee is now in the process of receiving recommendations for the first annual recipient.[l]

Robert W. Forker of Zanesville, Ohio, became president of the national organization at its 87th convention in Miami. "A real aristocrat in his marketing. He sells executive compensation and $100,000 policies as if they were popcorn," remarked one admirer recently.

The nation's bicentennial year, 1976, was also the silver jubilee of the General Agents and Managers Conference. It marked the twentieth anniversary of the Association's residence in Washington and C. Carney Smith's thirteenth year in office. Besides reviewing the past year in his report to the convention that fall, Smith also looked to the future. "I know that many people saw a story in a trade journal concerning my retirement," he said. " This particular story was somewhat overstated in its interpretation of my plans. The truth is that I have no intention of retiring before the end of my term, which is to expire on December 31, 1978. As you can see, the report of my impending retirement is, like those reports of Mark Twain's death, 'greatly exaggerated.'"

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xlvi] LAN August 1974, p. 29

[xlvii] Op. Cit., p. 23-24

[xlviii] LAN, January 1976, p. 25

[xlix] LAN, March 1976, p. 27

[l] NALU: committee reports of the National Assocition of life Underwriters, September 19, 1976, p.20.

Voices from the Field

The NALU Reaches the Century Mark

"A handful of misguided prophets are predicting a dark future for the agency system. I believe they are wrong, and for a very basic reason. The error in their judgment was best expressed by Isaac Kibrick at the 1962 NALU convention. He was asked why at age 78, when he was financially secure, did he continue to work so hard. His reply says it all: 'I work because the people need me.' Isaac was right—the people need us—and we need each other."

—Jack E. Bobo

The American College and the MDRT Celebrate their 50th Anniversaries

The NALU could point with pride to two of its younger companions celebrating their fiftieth anniversaries in 1977: The American College of Life Underwriters and the Million Dollar Round Table. Like the industry they served—and like the NALU itself—these institutions were experiencing unprecedented growth, new influences, and a greatly accelerated extension of activity.

Owing to its expanded and diversified curriculum, the agents' premier educational institution had dropped the phrase "of Life Underwriters" from its original name and assumed the more general, if somewhat vague title, The American College. In his committee report on agent education for 1977, Robert L. Rose noted, "The American College has received authority form the department of Education of the Common wealth of Pennsylvania to grant the degree of Master of Science in Financial Services through its Graduate School of Financial Sciences. Over 1,100 persons throughout the nation have thus far applied for admission to the master's program and more than 900 have been accepted as degree candidates."

Another instance of the College's broadening program was the announcement in 1978 of the establishment of the Charles Lamont Post Chair of Ethics and the Professions through an endowment of $500,000. Post, who was a member of 1929 CLU class, said that he established the fund "in order that the College might expand its teachings and research in the area of professional ethics." As the news release stated, "It will enable the College to strengthen its curriculum offerings, and through teaching, research and publications to respond directly to the growing expectations of consumers, a purpose for which the College was originally founded."

Through the generosity of the chartered life underwriters and others who pledged to give $100 for ten years, the College's Golden Anniversary Fund reached its $20 million goal by 1979. By 1980 The American College had two hundred full-time employees. Its Bryn Mawr campus had expanded to forty acres with seven buildings, and a new graduate studies center was under construction.

With permanent office at Des Plaines, Illinois, by 1977, the MDRT was firmly established as the most prestigious international organization for highly successful marketers of life insurance. There were 4,814 members and guests at the organizations annual meeting that summer in Atlanta, including 631 members form twenty-eight foreign countries. Total worldwide membership had risen to 12,782. There was a growing feeling among the leading members, however, that entry qualifications ought to be more stringent. Consequently, production requirements were raised ton $1.5 million for 1979. Marshall I. Wolper, the organization's president, explained the increased volume requirement was necessary "to keep membership in our organization meaningful and to maintain the MDRT as the international standard of sales performance in the life insurance business." By 1981, production requirements had been set at $1.9 million.

This insistence on high standards reflected an industry-wide sentiment for excellence. Among both the life insurance companies and their field forces there was widely felt urgency to improve the offerings, upgrade the services and enhance the public image of the business. The consumerist movement had created a wary generation of selective, critical shoppers in the financial service market. This does not mean that the majority of the population were really all that well informed on the relative merits of various types of financial vehicles for protection and investment. The point is people *thought* they were. Certainly, their expectations had been raised. They had become more conscious of the choices and had developed a discriminating attitude toward the insurance business and its marketers.

As the eighteenth-century poet Alexander Pope pointed out, however, "A little learning is a dangerous thing." The ease with which so many people allowed themselves to be persuaded to replace their whole life policies with term

insurance during this period suggests they were not always discerning. By 1980, replacement activity of this kind was becoming pervasive. The success of the Atlanta-based A.L. Williams organization, which quickly trained thousands of part-time agents in sales techniques calculated to induce people to "buy term and invest the difference," provides illustration enough of popular thinking on the subject. A large segment of the population never bought permanent insurance at all. Even fairly affluent and educated heads of families often exhibited a decided preference for term insurance.

Commensurate with the rise of the putative "informed consumer" was the industry's development of complex, sophisticated products. Competing with more traditional insurance plans were the new interest –sensitive financial vehicles such as variable annuities and variable life insurance. Also on the horizon was "universal life"—more investment-oriented than whole life insurance, these were flexible premium life insurance policies with varying interest rates. Governmental intrusion, constricting tax laws and mounting inflation had also contributed to the competitive pressures felt everywhere in the financial services market. The high cost of living, the increased number of working mothers, the enormous rise in the divorce rate (which made the single-parent home commonplace), and competition from money matches and other investment schemes created a marketing scene never envisioned by Edward A. Woods, John Newton Russell and the agents of their generation. In addition, companies continued experimenting with alternate systems of distribution, such as direct mailing and solicitation of business through television, radio, magazines and newspapers.

The variety of plans made available by the companies required that anyone hoping to compete in the current marketplace had to be very well informed, indeed. There were also other expectations. Business ethics had to be above-board, and agent's persuasive powers had to be polished to a high sheen. General agents and managers were getting strong and unmistakable signals to recruit selectively and train thoroughly. Certainly, in the more sophisticated areas of the marketplace the one-policy-fits-all peddler with a simplistic approach to people's financial problems had no place. In this atmosphere of high expectations and competition it is not surprising that even the combination companies, which traditionally relied on a basic approach to solving modest problems, found it necessary to develop more varied product lines and insist upon having better–informed agents (in some cases they had to be bilingual) to represent them in the field.

Along with these market-driven incentives, reflected in the MDRT's stress on high-quality performance and the American College's diverse and advanced courses, was the NALU's reassertion of the value of agent education which also helped generate a resurgence of interest in advancing the individual agent's knowledge and skill. It's widely distributed *Your Career Path* booklet had gone into a second printing and its continuing education requirements had stimulated the agents to learn more about their business. Enrollments in some 1,500 LUTC classes swelled to 28,335 in the 1976-77 school year. "Approximately 19,000 men and women sat for more than 25,000 CLU examinations in June 1977," the NALU's committee on education reported, explaining that the exams were administered at some 300 colleges and universities throughout the country and in centers abroad. The next year the LUTC reported having 29, 610 students enrolled in its courses. By 1978, Loran E. Powell, president of the LUTC, announced that the Council's Diploma in Life Insurance Marketing had been granted to a total of 117,554 graduates.

The scramble for knowledge and the search for excellence were also manifested by the large attendance at company seminars, sales congresses and association meetings. The 1977 NALU annual convention in Dallas, for example, attracted 2,700 paid registrants and 1,250 voting National Council delegates. That year the Association also tabulated a record of over 132,000 local association members, led by the California Association's 10,000 plus. California won national approval of another kind, too, when the new C. Carney Smith Association Executive Award went to California executive vice president R. Scott Sherman.

Americans purchased $321.2 billion in new life insurance in 1977 and their total coverage reached $2,343 billion in force. Such figures were proof enough of the viability of legal resource life insurance and the effectiveness of the agency field force as its chief marketing system. And although it appeared that at last the NALU had succeeded in getting an industry to accept the model of a well-informed, ethical career agent, There were still many men and women in America selling life insurance and related products on a full-time basis who remained, if not completely oblivious, at best indifferent, to the influence of the association movement. In 1977 a special task force on membership planning, headed by NALU trustee H. Kirke Lewis of Memphis, made a number of interesting observations regarding the future growth of membership in life underwriters associations. Among other proposals, the group recommended that:

> NALU aggressively seek more representation in multiple-line exclusive agent companies, fraternal companies, and combination companies. To that end, brochures addressing membership advantages for individuals affiliated with such companies should be available to state and local associations.
>
> NALU encourage better membership promotion through home offices by means of a "membership

> promotion kit" sent to companies to provide guidelines on promoting membership, along with a new company recognition/award program for companies that excel in membership.[i]

During the 1970's, the national economy continued on a generally inflationary course. Rising costs, coupled with numerical growth and the NALU's expansion of services, necessitated an increase in revenue. In his 1977 report to the Association, executive vice president C. Carney Smith reminded the delegates that fourteen years before, when he first took office, there was only 82,000 members in 889 local associations. "We are performing a multitude of services that we did not even contemplate fourteen years ago," he said. "That we have been ale to meet the test lies in the dedicated work by many of the staff people who literally spend evenings and Saturdays working on your behalf." The source of the pressure was largely financial, he explained:

> While this is a remarkable achievement, it is not all on the plus side. There are many services that we ought to be doing that we are not; and there are many that we should be doing better than we are. Our personnel have been stretched to the breaking point, and so have our financial resources.
>
> Were it not for the outstanding work done by the staff of the Life Association News, we would not be organizationally solvent. Nic Preston and his associate, Dave Carson, assisted as they are by Marge Hartley, have continued to increase our advertising revenue year by year. In any event, up to now the Life Association News has kept us afloat. While the Life Association News and its advertising department have been a boon to us financially, it is the dedicated work of the other staff members that have enabled us to keep our personnel at a minimum even while meeting most of our needs. In all candor, we can no longer do the job that has to be done with out additional help.[ii]

Smith made his point. The National council's approval of a $10 increase in dues meant the National Association would receive $23 for each local member.

As the delegates were aware, threat of government encroachment into the business of life and health insurance had not abated. In fact it seemed on the increase. There was reason to believe that in some instances the industry had invited the situation. In his review of the current legislative atmosphere, Smith warned, "Perhaps the most dangerous situation that has come out of the Carter Administration has been the revival of the old idea that the Internal Revenue Service should tax the inside buildup on cash value life insurance." The idea had a long story, he explained:

> This was prominent fifteen years ago when a man named Stanley S. Surrey, a Harvard professor, was Assistant Secretary of the Treasury for tax purposes under Kennedy and Johnson. This is an example of how the government is really out of its way to try to play havoc with our business. This kind of taxation would hit hardest against the low income and middle income classes.
>
> The idea undoubtedly has grown out of abuses of cash value life insurance, which have occurred. It is also grown out of the fact that too many of us merchandise life insurance as both a savings plan and life insurance. Too many of us do not realize that the cash value is an accidental benefit of the level premium life insurance contract.[iii]

As NALU general counsel H. James Douds pointed out, "One of the melancholy facts of association affairs is that, in the case of legislation, success is more often than not measured in terms of proposals that do not become law, rather than those that do." It was in this sense that the life insurance community considered it a legislative victory when a proposed tax on the inside buildup (the accruing saving element in the whole life policy) was not included in the Tax Reform Act of 1978. "Because of the efforts of NALU, the American Council of Life insurance, and others in the industry who took the time to state their views…to the President, the Treasury, and members of congress," Douds wrote in December 1978, "the most potentially damaging proposal to face the life insurance business in twenty years was turned back."

Meanwhile with a new tax will under consideration, a Federal Trade Commission investigation of the business pending, and another Congressional election approaching, neither the NALU nor the American Council of Life Insurance could afford to relax its vigilance on the legislative front. Both organizations expended considerable energy in cultivating friendships in state legislatures and in Washington during this period. In the spring of 1978, for instance, state association officers who participated in five NALU President's Area Conferences entertained some 160 senators and congressmen at receptions on Capitol Hill. The Life Underwriters Political Action Committee continued to enjoy the generous support of the agents, which contributed immensely in helping make their voices heard. Clearly the industry had grasped the point of Dr Samuel Johnson's dictum, delivered two centuries before, to "keep friendships in constant repair."

In this politically charged atmosphere, Jack E. Bobo succeeded Robert Forker as president of the national

organization. It was a popular choice. He was a successful life underwriter, know in the industry and well-respected in the Phoenix business community. The fifty-two-year-old Bobo, who had joined the New York Life as an agent in 1956 had devoted considerable energy and time to the associated life underwriters, both in Arizona and in Washington. His persuasive forthrightness had attracted industry attention and earned the respect of everyone during his recent appearances before various Congressional committees.

A native of South Carolina and a World War II veteran, Bobo had enlisted in the U.S. Army Air Corps immediately after graduating from his school and seen extensive service as an advanced flight instructor. *Life Association News* noted he had "gained a wide reputation as an astute and convincing spokesman within the life underwriter association movement and the life and health insurance business." Describing the new president in more personal terms, the editor commented, "he is low-key, lucid in thought and expression, warm and personable, always totally prepared, [and] businesslike," adding that he exuded "an unmistakable and contagious sense of personal responsibility, characterized by prudence and restraint."

Few questioned the efficacy of the NALU's efforts to raise the educational level of agents and impose stricter professional standards on the field force as a proper response to consumerism. Over the long term, everyone knew these reforms would diffuse a lot of criticism and go far in helping agents to be seen as trusted representatives of a respected business. Bobo, however, believed the attacks of the consumerist needed to be counteracted with more direct and aggressive strategies, as well. He saw an urgent need for a better informed public on the whole subject of insurance, but particularly in the controversial area of health care. Shortly after assuming office, he announced a publicity campaign to enlighten the public about the financial realities of providing adequate health care coverage. Public understanding of the insurance principle of sharing the risk, Bobo insisted, was indispensable. Spiraling health care costs and mushrooming liability insurance premiums, he said, were substantially attributable to a mistaken notion that "someone else is paying the bill." In an article appearing in the December issue of *Life Association News*, Bobo said:

> In the current and expanding discussions about health care costs, one chief problem is that few people are making proper distinction between the providers of health care services and financing mechanisms through which the costs for those services are paid. The providers of health care services are the medical personnel and hospitals, which set the cost for these services. The principal financing mechanisms in this country are the private health insurance industry and various government agencies. Even some life underwriters seem to be unaware of this vital distinction.
>
> Association members and the general public must clearly understand these separate elements in the health care delivery and the financing system to identify ways to control costs effectively….
>
> The health insurance industry bears the brunt of the attack against high health care costs as though it were responsible for the rising costs. This is because the only notice most Americans get that health care costs have risen is when companies tell their insureds that health insurance premiums must be increased.[iv]

Pointing out "the messenger of bad news is usually blamed and punished as though he were the creator of the circumstance which generated the bad news," Bobo said that one reason people didn't understand the nature of risk sharing was the industry's failure to educate them on the subject. It was to fill this need, he informed the agents, that the NALU was launching a health care information program. In November, speaking at the annual "Tom Grant" breakfast at the meeting of the American Council of Life Insurance in New York City, Bobo told the more than three hundred company executives present, "Internally, it is our hope to encourage our members to present our products to policy holders in such a way that we can dispel the myth that claims are paid in their behalf by some benevolent third party. Externally, we expect to carry this same message to wider public through relatively simple representations to service clubs and other interested groups."

By the following summer, *Life Association News* announced, "A Risk Worth Sharing," NALU's new slide and cassette presentation on escalating health care costs, "shows Americans how to control those costs. In less than a month more than 225 sets have been bought by the state and local associations." The project continued to meet with general favor, and in June 1979 the Board of Trustees approved funds for a revision of "A Risk Worth Sharing" as well as for a new audio-visual presentation on Medicare supplemental policies.

The consumerist movement had also made the business community more conscious of the value of prompt, efficient service. In the summer of 1978 the NALU, in conjunction with the Life Office Management Association, the American Council of Life Insurance and the Life Insurance Marketing and Research Association produced a "Standard change of Beneficiary Form" to help agents facilitate the handling of routine beneficiary changes. Designed to apply to a variety of situations and types of policies, the project had been under study for some time. The result was primarily the work of the NALU and the Life Office Management Association. The forms were published at the NALU

headquarters and widely distributed at minimum costs.

In July, *Life Association News* announced, "Jack E. Bobo, CLU, who is the current president of the National Association of Life Underwriters, has accepted the appointment as executive vice president of the NALU. His appointment will become effective January 1, 1979. He will succeed C. Carney Smith, CLU, as NALU's active managing officer and executive in charge of its headquarters staff in Washington, D.C." Former NALU president Bruce C. Hendrickson, who had headed the Special Selection Committee, commented that Bobo "Brings his own personality and talents to the NALU executive vice presidency. He is an experienced life insurance practitioner, community and organizational leader, persuasive speaker and writer, and particularly an articulate champion of the career life underwriter."

The announcement also noted, "He has served the industry in many capacities, and is active in education, church and community affairs….Jack Bobo and his wife, Gladys, have one son, Glen, who is a CLU and an agent for New York Life in Phoenix." Like Millie Smith, Gladys Bobo proved an excellent hostess for the NALU on numerous official occasions, in Washington, and wherever the Association gave entertainments and offered hospitality.

Kent Babcock, who was a member of the Selection Committee, remembers the choice of Bobo evolved somewhat gradually. "As we reviewed the possibility of various candidates, it became more and more apparent that perhaps we had an ideal candidate right in our own backyard," he later recalled. "At first Jack was not excited by the suggestion. He was comfortably settled in Phoenix and could look forward to excellent retirement arrangements with the New York Life, and really had little financial incentive to make a change. Gradually, however, he warmed to the idea and agreed to serve. It was an evolutionary process." Babcock also admits that at first he had another candidate in mind. "Looking back, I'm awfully glad we settled on Bobo," he said. I don't think we could have picked a better man. He has become a really important spokesman for the business in our time."

While the announcement of a new chief executive for the Association dominated reports of the Executive Committee's June meeting of 1978, It was also noted the members had approved acceptance of an offer of a $1 million loan form a bank to finance additions to the NALU's headquarters building. (The NALU's operating budget at this time was about $4.9 million.) Additional space was a long-felt need. The various administrative departments were continuing to expand as the demands for added services increased. Among others, the law department had recently hired William R. Anderson, a graduate of the University of Virginia who had taken his doctor of law degree at New York's Fordham University. Anderson had served as counsel to the Independent insurance Agents of America and the Risk and Insurance management Society, both in New York. His assignment was to coordinate the activities of the NALU-sponsored professional and association liability insurance program and work with various states on legislative and regulatory issues.

The agents' support of the NALU and its work displayed itself in continued interest in Association affairs and general endorsement of its programs. By the end of the decade, local association membership would peak at 140,000. There was a record attendance of 4,000 at the 1978 annual convention in Boston. Former NALU executive Lester Schriver delivered a talk to the National council on the history of the NALU and Texas Governor John B. Connally spoke at the John Newton Russell Award dinner. Bart Hodges, agent for New York Life in Austin, Texas, became NALU president. Very much an individualist, Hodges wasn't a typical NALU president and life insurance had not been his first career choice. A journalist before entering the business, he had been a well-known syndicated columnist for the New York Post. As might be expected, Hodges was an excellent speaker who could deliver the NALU's message with the punch of a professional writer. Reviewing his term as president a year later, Bobo commented, "Perhaps Bart's most significant accomplishment—one which he certainly can look to with pride—is the interest he has shown and the leadership he has given to our grass roots legislative efforts."

Ellen M. Putnam, special agent for National Life of Vermont in Rochester, New York, received the Russell award. It was the only time the award had been given to a woman. She was somewhat of a legend among agents. A graduate of the Rochester Institute of Technology and a former NALU trustee, she had been selling life insurance since 1919, served as president of the Rochester Life Underwriters Association, and was a founder of the Women Leaders Round Table. During her long and successful career, Putnam had received the National Quality Award twenty-one times. In citing her for the award, the committee said, "In a long, eventful career seldom matched in the annals of the American life insurance business, you have demonstrated a unique and resilient talent for living and giving. So much so that the beneficiaries of your bountiful heart, endless vitality, selfless dedication and passionate faith are truly legion."

An enormously kind person, Putnam had been extraordinarily generous financially to various personal and public charities. Her response, as reported in *Life Association News*' coverage of the event, offers insight into the development of her character and outlook:

> Putnam told the audience that she decided on a career in life insurance after serving in the nurse

> corps overseas during World War I. She looked upon the life insurance business as something to which she could make a contribution to others while earning a living for herself.
>
> From the outset, she was interested in education, having read Dr. S.S. Huebner's book on life insurance. His book inspired her and at the same time she was dismayed by the fact that there were no requirements needed for a person to sell life insurance. "I decided," she said, "that I would devote my life to bringing better education to life insurance, plus trying to raise the ethics of the business."
>
> She commuted to Buffalo, 75 miles west of Rochester, to attend a course being given by the famous life insurance educator, Dr. Griffin Lovelance, who later received the Russell Award. "When the American College came along," she said, "that was up my alley. I have spent a fantastic amount of time on education. …Education is our hope."[v]

Each NALU convention reflects the current state of the Association and the business—and to some degree, even the mood of the nation. Each convention also represents a milestone in the Association's history. It is an occasion for displaying the NALU's accomplishments. Among other things, the Boston convention was the culmination of C. Carney Smith's fifteen-year tenure as manager of the Association's affairs. In that sense, it can be viewed as one huge farewell party for the retiring executive and his wife. They were feted, honored and applauded at almost every event during the three days' meeting. Citations and gifts came from the Life Underwriters Association of Canada, the LUTC, the local and state executives and practically every other group represented at the convention. Accompanied by their son and daughter, they were the guests of honor at the featured entertainment of the convention—a special concert of the Boston Pops Orchestra under the direction of its founding conductor, Arthur Fiedler.

Looking back over his years as an executive vice president, Smith focused on the relationship between NALU presidents and the chief Executive officer. "The first full year that I was in this job," he told the National Council, "I had a man of the ability and understanding of John Schneider. He knew he had an agency to run and he intended to do it. He had no intention of getting involved in the day to day operation at NALU, too. He recognized that he was the head of the policy-making board. He expected me to be the administrative head of the organization. That administrative year set the pattern for what I believe has been successful administrations for the last fifteen years." Praising Bobo and congratulating the Association for its choice of a successor Smith said, "He has been an outstanding president of NALU. He is intelligent, articulate and a real student of not only the business but also the issues that affect the business. We are also fortunate that he will have with him to assist him in his many duties and responsibilities his lovely wife, Gladys, who has been such an outstanding first lady for us throughout this year."

Commenting on the easy transition of managerial authority during the concluding months of 1978, Donald Barnes remarked, "The interesting thing about that combination is that they are the only two executive heads of NALU who flowed together. One flowed into retirement but stayed there and gave good advice. The other flowed into the job. Previous to that, somebody had died or retired abruptly and perhaps unhappily, and there wasn't really any flow. The relationship between Carney and Jack was a fine thing for NALU." [vi] Smith's official retirement party occurred several months after the Boston convention in Washington, D.C. On Monday evening, December 11, representatives from life underwriters associations, insurance companies and other organizational and community leaders gathered at the Washington Hilton for a gala salute to the retiring NALU executive. Former NALU president Herbert F. Mishcke was chairman of the committee that planned the evening.

When the trustees met in Washington the following June, they approved the institution of a new annual award for state and local associations judged outstanding in life underwriter education and consumer education. The cost of the new wing to national headquarters was, naturally, a topic of discussion as well. The members decide to launch a Capital Funds drive to find 3,000 volunteer "Builders '79" who could contribute $250 each. A kickoff contribution was made by former NALU executive Benjamin Woodson, who presented his $250 check to NALU trustee Michael C. Keenan, chairman of the drive. The hope was, of course, to raise enough money to pay for the construction beforehand and avoid the interest on a long-term note of $1 million.

In his address to the national convention that fall in Detroit, Bobo informed the delegates, "Despite a number of problems associated with our building, we are making progress, and I will estimate that it's about 60 percent complete. Picking a completion date is difficult, for we are shooting at a moving target. My hope, though, is that we will be moving into the new addition on or about January 1."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[i] NALU: Reports of the Secretary and Standing and Special committee of the National lAssocition of Life Underwriters, 1977 p. 23

[ii] LIAN, November 1977, p. 75

[iii] Ibid., p. 76

[iv] LAN, December 1977, pp. 41-42

[v] LAN, November 1978, pp.146-147

[vi] Barnes: Interview, March 1985

Voices from the Field

FTC Releases a Study Critical of the Insurance Industry

Turning to the political scene in Washington Bobo said, "Without question, the most disturbing event occurring in 1979 was the release, on July 10, of the long expected report by the FTC staff regarding their study of life insurance." Not expected, however, had been the FTC's press release highlighting their views on industry rates of return. The report, based on totally misleading figures, put the industry in a very bad light with an apparent bias favoring term life insurance. Describing the NALU's efforts to counteract the unfortunate publicity, Bobo explained:

> On the day of the release we began working on a document that will rebut this report at the point of sale. The result is the brochure "A Response to the FTC." To the extent possible, we have tried to use the FTC's own studies and words to counteract the misleading information contained in their press release and report. This is an effective piece, and will be available in quantity….
>
> Within three hours of receiving the voluminous report, our own press release went out to the media and the state and local associations. Within a few days, a statement was filed with the Senate Committee challenging the integrity of the report, and this, too, was reported to the press, state and local associations. Sample letters-to-the-editor and copies of my letter to *The Washington Post* and the *New York Times* were also forwarded to our associations.
>
> Many excellent articles, wherein the FTC report was taken to task appeared all over the country. All or these articles were the direct result of diligent local public relations initiatives by your members. Some of these articles were produced locally, but many were produced from materials supplied by NALU.[vii]

The FTC report generated considerable adverse publicity for the industry. Its views were clearly reflected in a broadcast of the popular *Phil Donahue Show*. The thrust of the presentation was to denigrate whole life insurance by advising people to buy only term insurance and invest the money that they would have spent on permanent insurance. Norman Dacey, an author critical of the insurance industry, was the principal guest. "Dacey is a vast reservoir of misinformation," Bobo commented, "and he emptied much of it on Donahue's audience. We have protested this one-sided presentation and the false statements made. We have asked for an opportunity to respond."

Still, there was much to be thankful for. As Bobo pointed out, the report did not recommend federal regulation of life insurance nor did it recommend fiduciary status for agents and the liability and commission disclosure information that would have been required by such a recommendation. Also, there was no suggestion for modifying agents' contracts to limit their earning capacity. "In our outrage over the manufactured surprise, we should not lose sight of the fact that these issues represented the main battle," he told the agents.

On September 11, the day following Bobo's speech before the National Council, more than 600 people crowded into the ballroom of the Detroit Plaza Hotel to hear David C. Fix, FTC's program director of the life insurance task force, discuss the report and the task force's two-and-one-half-year investigation into life insurance. "While few in the room agreed with Fix, all listened attentively and courteously to what he said," *Life Association News* reported. "We believe that the central cause of the extraordinary loss suffered by a great many consumers of our society is a lack of adequate and meaningful information concerning the true cost of life insurance products," Fix said. He maintained that the wide variation of the actual cost of essentially identical coverage was in large part attributable to the fact that a consumer cannot easily compare the cost of similar life insurance policies. He said the second problem that prompted the FTC's involvement was "the fact that a great many consumers who purchase cash value life insurance products are unaware of what rate of return they will earn on the savings deposited with companies."

Summarizing the salient points of his remarks, the editor noted:

> Fix maintained that neither he nor the FTC favors term insurance rather than whole life. He said, "I think that either product is a legitimate purchase depending upon an individual's needs, an individual's particular situation, his tax bracket and a great many other factors." He emphasized, "I think the one factor that should be disclosed, that a consumer should consider, is the rate of return he will get through the savings component of a whole life policy."

> He added, "I don't think you can overestimate the importance of the services of a first quality agent."[viii]

Thomas J. Wolff, agent for State Mutual at Vernon, Connecticut, was elected president for the 1979-80 term. A prominent member of the Million Dollar Round Table, Wolff had established himself firmly in the company of the industry's top achievers during his twenty-five-year career, and was a popular speaker at sales conferences and other industry meetings. As a young man, after service in the Korean conflict, he entered the University of Connecticut as an economics major and graduated in 1956, cum laude. Later in his career as a salesman and a publisher he originated and promulgated the concept of Capital Need Analysis—an estate-planning sales approach based on the human-life-value principle.

Almost immediately, Wolff was able to show what an effective spokesman for the business he could be when the industry found two excellent opportunities to respond to the FTC report. On September 28, Wolff and Prudential's chief executive officer, Robert A. Beck, appeared on the Phil Donahue Show to present the industry's viewpoint. Not only did they succeed in discrediting both Dacey's views and the FTC's misleading statements, but they also ably presented the life insurance business as one conducted by people who are responsible, concerned and keenly sensitive to people's needs for financial security. Offering specific examples and presenting their ideas in very human terms, they emphasized the uses of insurance to solve family financial problems. They were particularly careful to underline the fact that term insurance is an excellent choice for a young person, when it is highly affordable, but not such an advantage later, when it is very expensive. "The point I'm really making," Beck told the television audience, "is that most people die not when they are young but when they are older. And most people who died last year may well have had term insurance that expired and wasn't in force when they died."

On October 17, Wolff and Federal Law and Legislation Committee Chairman Rice E. Brown represented the agents at the Senate Commerce Committee hearings to refute errors in the FTC report. Four insurance company presidents represented the American Council of Life Insurance. All sharply criticized the FTC report. According to *Life Association News*, "The six spokesmen questioned the FTC staff's objectivity and motives, refuted the actuarial assumptions which led the staff to claim a 1.36 percent return on investment for whole life policies, and provided significant arguments to refute the FTC staff's viewpoint against the purchase of whole life policies."

Brown told the Committee:

> When the FTC staff report was made public we said that one of the major problems with it is that the FTC persists in making comparisons between whole life and other thrift media that are invalid. Because of the additional contractual rights in a whole life policy, which are not present in these other media, direct comparisons are inappropriate and invidious, if not misleading. Moreover, we are particularly concerned with the seeming preoccupation for the FTC staff with the concept that term insurance is superior to and more suitable for most people than whole life insurance, and the contentions that consumers are generally uninformed about life insurance and unable to evaluate its cost.[ix]

The industry's representatives had little trouble gaining the Committee members' full attention. Senator Nancy L. Kassebaum, in introducing fellow Kansan Rice Brown to the committee, emphasized Brown's expertise and urged her colleagues to credit his testimony. At the conclusion of the days' hearings, Senator Howard W. Cannon of Nevada, chairman of the committee, told Wolff, "If the analysis of the Federal Trade Commission report that you have presented here today is correct then the conclusions of the FTC staff report certainly cannot stand."

On November 26, *Life Association News* interviewed Senator Cannon in his offices in the Russell Senate Office Building. Cannon told the reporter that many members of his committee felt that the FTC had been overstepping its bounds, going beyond the authority Congress intended to have. "In other words," he said they have been substituting their perception of the way things ought to be for the powers that Congress really intended them to have." Suggesting that Congress exercise tighter oversight of the FTC, Cannon noted that much of the information from the report was misleading. "Suggesting that Congress ought to exercise tighter oversight of the FTC, Cannon noted that much of the information from the report was misleading. "If the FTC is suggesting that this is a rip-off because insurance policies are paying less than 2 percent of return, the FTC is wrong," he said.

Elaborating further, the Senator observed, "The important point is as I see it, that an insurance policy is an insurance policy. It isn't a saving account and it isn't sold as such, and people are not encouraged to buy it as such. They are encouraged to buy it because it provides death protection. An insurance policy many have some savings recovery features which are all well and good. But to sell an insurance policy solely as a savings account investment would be misleading itself….I think some of the people on the FTC staff may have been prejudiced or may have had preconceived ideas when they went into the study."[x]

In a *Life Association News* interview during December, FTC Chairman Michael Pertschuk defended the report explaining that 1.3 percent "is our staff's best estimate of the one-year rate of return paid to all ordinary life policy holders in the year 1977. It is not a measure of any individual policy's rate of return. The rate of return for nany particular policy depends largely on the quality of the policy and how long it is held," he admitted.

In January 1980 President Carter wrote a personal letter to the governors of all the states endorsing the FTC's staff recommendations on life insurance cost disclosure. "The commission concluded that whole life value insurance policies not held to maturity pay a relatively low rate of return on their cash values, and that consumers are not getting the information they need to understand the true costs of their policies," Carter wrote the governors. "Copies of the FTC's model state regulation on life insurance cost disclosure were enclosed. "I urge you and your insurance officials to give the model regulation the most careful consideration," the President concluded.

The White House drew attention to the letters with the added fanfare of a press release. In response, Wesley J. Kinder, president of the National Association of Insurance Commissioners, and the NALU's executive vice president Bobo wrote to the President expressing the industry's surprise that he would choose to involve himself in a matter within the province of state insurance regulation. Noting the NALU favored the commissioners' cost disclosure plan (already adopted by 29 states), rather than the one developed by the FTC, Bobo told the President, "There has emerged a clear consensus among the state regulatory officials and the best minds in the life insurance business that the NAIC Model Regulation has distinctive merit among all other proposed alternatives and is definitely in the consumers interest. Further, there is paralleling agreement that life insurance cost disclosure lies within the province of the several states to regulate." Pointing to the FTC staff's repeated efforts to promote their views, Bobo observed:

> It is painful, indeed, that the FTC staff's contentions about "low rate of return" on whole life insurance policies is given credence in your letter in view of the effective rebuttal to this precious charge made by our business before the Senate Commerce Committee on October 17.
>
> But even more, we are most concerned that you would identify yourself with an unsubstantiated FTC staff allegation that consumers are paying billions of dollars a year in unnecessary life insurance costs.
>
> In all candor, we thought you had a better opinion of the life insurance industry and its demonstrated performance in bringing security and peace of mind to millions of Americans and, in so doing, providing a steady infusion of venture capital so sorely needed to keep our economic system productive and growing.[xi]

Writing for the insurance commissioners Kinder said, "We are concerned because, as experienced regulators, we know that statements in the letter and press release can be used improperly to replace currently held policies. Replacement may benefit or harm a policyholder, depending upon his circumstances. We deplore any statement that can be used to encourage replacements recklessly on an indiscriminate basis."

In February, President Carter wrote to John Filer, chairman of the American Council of Life Insurance, assuring Filer that he was appreciative of the industry's efforts at self-regulation, fully aware that regulation of insurance was the business of the states, and realized the merits of the commissioners' model disclosure plan. He insisted, however, that the operations of so vast an industry had national implications and naturally commanded the attention of the President of the United States. "The critical role played by the insurance industry in the areas of capital formation, private-sector investment, and individual financial security is a subject that industry leaders and I have often discussed in our meetings,' the President said. "I have sought to reinforce that role in my energy, health and urban policies, among others. I am proud of the insurance industry's response and I look forward to a continued close working relationship with you and other insurance leaders."[xii] Three days after the President's letter was written the Senate, by vote of 77 to 13, approved the NALU-endorsed amendment to the FTC Act which made it clear that, in light of the intent of Congress as expressed in the McCarran Act, the FTC has no power to spend tax money to investigate insurance. (There had never been a question of the FTC's right to *regulate* insurance. It has not the power.)

The FTC incident was just one more reminder of the importance of maintaining a high profile in Washington's political scene. In 1980 still only 15 percent of the local association members were contributing to the Life Underwriters Political Action Committee. The organization's national chairman, John H. Ward, III, reminded the agent, "The volume of contributions to candidates depends solely on the support life underwriters give to LUPAC by their donations. The goal established for the 1980 elections for the House and Senate is $1 million." Reflecting on the LUPAC's accomplishment over the years Ward said, "The parties and the candidates know who we are. They recognize us as an important interest group representing a major industry, which serves tens of millions of Americans. With the recent rapid growth of the political action committee movement, resulting in more than 2,000 PACs now on the scene, it is reassuring to reflect that LUPAC is one of the oldest and the largest committees and that we have established our credentials. We intend to make our voice heard, in a responsible way, in the important

1980 elections."[xiii]

So that everyone would understand how the LUPAC decided who to help with campaign funds, in October 1980, *Life Association News* published a tabulated summary of the voting records of the members of both the Senate and House of Representatives on insurance-related bills.

By 1980 the United States still found itself struggling to contain an inflationary economy. Statistics showed that in some areas prices on goods, services and property had almost doubled between 1970 and 1980. To help the public become more aware of the problem and how to solve it, the life insurance industry launched a huge advertising campaign at the beginning of 1980. Two-page spreads appeared in *Time, Newsweek, U.S. News* and *World Report* and other major publications, with the injunction, "Inflation. Let's Self-control It." Sponsored by the American Council of Life Insurance, the $3 million campaign won the full support of the agents' group as well. "NALU's commitment to do its fair share of the work in the anti-inflation crusade," *Life Association News* informed its readers, "started in November, when NALU president Thomas J. Wolff, CLU, appointed a special anti-inflation task force. It is headed by Donald H. Mehlig, CLU, who is with Bankers Life of Des Moines in Torrance, Calif. He is a former president of the Association for Advanced Life Underwriting."

Lending further support to the program, Wolff sent out a letter to the state and local associations urging them to call on their most influential members to help give direction and impetus to the agents' involvement. He suggested that association past presidents "who have the experience, stature, organizational ability, and perhaps more time to give to the various assignments" could become involved. Through the NALU's Public Relations Department, pamphlets and reprints of ads and articles on the subject were made available to the agents for distribution as well as an eleven minute audio-visual called "Everybody's Talking," which dramatized some of the difficult problems in controlling inflation.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[vii] LAN, October 1979, p. 43

[viii] LAN, November 1979, p. 44

[ix] LAN, December 1979 p. 44

[x] LAN, January 1980, pp. 31-33

[xi] LAN March 1980 p. 59

[xii] LAN April 1980 p. 59

[xiii] Ibid., p. 51

Voices from the Field

Formation of the Women Life Underwriters Conference

The delegates at the 1979 convention in Detroit had approved the formation of the Women Life Underwriters conference of the National Association of Life Underwriters to succeed the Women Leaders Round Table. The emphasis was to be agent education, training and motivation, and there were to be no production requirements. Grace L. Thornbrug of Alexandria, Virginia, was the first president of the Conference, and Rosalie L. Kuntz of Pasadena, Texas served as treasurer. Though a much smaller organization, its relationship in the NALU was similar to that of the General Agents and Managers Conference and the new group was soon able to have an office at 1922 F Street. The Conference, Thornburg said, "will emphasize programs designed to change attitudes among career life underwriters, both men and women, and to help women underwriters cope with a wide range of problems they encounter in their attempts to bring career and family responsibilities into balance. The accent will be on regional educational seminars and a monthly newsletter suited to meeting the concerns of women life underwriters."

Early in 1980 the associated agent received a shock when NALU trustee Robert L. Rose of Bethesda, Maryland, died unexpectedly at a Capitol Hill function. He was only forty-four. Having served as Chairman of the NALU's Education Committee, Rose was prominent in the affairs of the American Risk and Insurance Association and an acknowledged positive influence in the broadening of consumer and life underwriter education programs. Former NALU president Norman G. Levine agreed to serve in Rose's place on the Board of trustees. The board voted to name the Education Achievement Award (which had been established in September 1979) the "Robert L. Rose Education Achievement Award." The award, given to associations annually for both life underwriter and consumer education projects, consists of a bronze plaque.

By mid-summer the addition at NALU headquarters seemed at last to be nearing completion. Bobo announced a number of staff changes at this time. Added to the law department's staff was association government affairs counsel David A. Winston. "Winston , who will be associated with NALU counsel Michael L. Kerley in an expanded government affairs unit of NALU's law department, is a 1978 graduate of the Vermont Law School," the announcement said. "He has private law experience and has served as an assistant staff counsel of the Senate Judiciary Committee."

Sam Gaglio, who had been editor and business manager of *Life Association News* since 1959, announced that he would retire at the end of 1980. He was succeeded by associate editor Edward Keenan. The Association's magazine had grown enormously in prestige, content and quality during Gaglio's time, while income form advertising had risen steadily. Noting his years of quality service to the NALU, Bobo praised Gaglio for his "talent, dedication, hard work and loyalty."

Keenan was innovative. The magazine improved dramatically in appearance after he took over. Word processors were introduced and production computerized to some extent. He engaged John M. Phillips, who had been associated with national Public Radio, to produce tape-cassette digest versions of each issue. In time, Phillips developed an audio-visual department producing high quality materials that enabled the Association to supply many of its publicity and educational needs in house. Keenan remained editor throughout most of the decade, relinquishing responsibility for the editorial aspects in 1988 when Ian MacKenzie was named editor. MacKenzie was an experienced and talented industry journalist who had been on the staff of the *National Underwriter*, editor of *the Florida Underwriter*, and worked with the public relations department of the John Hancock in Boston. With MacKenzie directing the publication, Keenan became business manager focusing on the advertising department.[*]

The NALU held its 1980 convention in Honolulu, September 14-18. H. Kirke Lewis, general agent for Massachusetts Mutual Life at Memphis, was elected president of the national organization. Lewis had served the NALU as member, vice chairman and chairman of numerous committees, including Public Relations, membership, Nomination and Conventions. Reviewing his career, *Life Association News* commented, "Since entering the life insurance business in 1959, after graduation from the University of Michigan and a short stint in the chemical business, Lewis has achieved the high levels of success: Life and Qualifying member of the Million Dollar Round Table; recipient of the National Quality Award 19 times; the National Sales Achievement Award 13 times; and the Health Insurance Quality Award 14 times. He has written an application a week for more than 1,000 consecutive weeks; and has qualified for his company's monthly *Spotlight* for over 250 consecutive months, with a current requirement of $75,00 monthly production." Besides having the well-earned respect of his colleagues for these attainments, Lewis often impressed

them with his well-honed speeches. His warm and genial manner made him one of the NALU's best-liked presidents in recent years.

Everyone seemed delighted with Honolulu as a convention site. Dress was very informal. Luaus, muumuus and brightly-printed, open neck shirts even appeared at the John Newton Russell Award dinner where members of the head table wore white linen aloha shirts. LIMRA president George G. Joseph was the recipient and Clare Boothe Luce was the principal speaker of the evening. A widely known figure Joseph had been in the business since 1946. Complementing him for speaking out on numerous occasions in defense of maintaining high standards in the business, the citation said, "In keeping with your conviction that our business will grow and prosper, by work and deed you have emphasized how well trained, service-oriented agents are integral to a renaissance of life and health insurance."

The NALU scored a last minute legislative victory that September. "Just a few hours before the Senate recessed to allow its members to concentrate on the election campaign," NALU general counsel Douds informed the agents, "Senator Robert C. Byrd (D-W.Va.) asked unanimous consent that the Senate proceed to the consideration of H.R. 5295, NALU's long-stand-in proposal to correct problems created for life underwriters by the 1977 amendments made to the Social Security law. …Senator Byrd's call for consideration of the bill on September 30 represented the last chance for passage prior to the recess, and possibly the last clear chance in this Congress," Douds said. The bill, he explained eliminated renewal commissions from counting against Social Security retirement benefits for formerly self-employed (now retired) life underwriters. It could make a lot of difference in one's retirement income, Douds observed:

> Under the Current law, assume there are two life underwriters, both now retired, both having contributed all their working lives to the Social Security program, and both having achieved the same degree of success in their careers; yet one of these agents could receive his full Social Security benefits, while the other would stand the chance of receiving none at all!
>
> The difference? One of these retired agents could lose all of his benefits solely by reason of the happenstance that, during his working years, he had been categorized as self-employed rather than as an employee. As such, renewal commissions received in retirement would be counted as income at that time and would be set off against Social Security payments.[xiv]

The NALU experimented with a different kind of forum in the fall of 1980 by staging a health insurance sales congress at the Northeast Philadelphia Hilton Inn. Nearly three hundred agents attended. Among the speakers were H. Kirke Lewis who discussed the financial advantages of selling health insurance and Haswell M. Franklin of Baltimore who explained how disability group plans provide a ready supply of prospects. Joseph F. Nally, Jr., an agent for Bankers Life of Iowa in Bala Cynwyd, Pennsylvania, discussed the role a group insurance representative can play in an agent's or broker's business and offered specific suggestions as to what the life insurance agent should be looking for in his group representative.

The 97th Congress convened in January 1981 with a Republican majority in the Senate and a Republican gain of thirty-three seats in the House of Representatives. The Life Underwriters Political Action Committee spent substantially more money, but scored lower than in previous years. " The level of winning U.S. House and Senate candidates supported was approximately 75.5 percent—the lowest ever, deliberately," LUPAC chairman John Ward told the agents. "The reason is that LUPAC supported many more non-incumbents (both challengers and candidates for open seats). The risks are higher, but the potential for impact on the long-term philosophy of Congress is greater," he said.

The NALU strongly endorsed President Reagan's Economic Recovery Program. "The goals of the program are worthy and unassailable. Reducing inflation and increasing productivity must rank as twin domestic priorities of government" the news release containing the Association's policy statement said. The statement also expressed general support of the means proposed to gain those goals. "NALU adopted this policy because inflation, with its devastating impact on fixed dollar insurance is a critical threat to the industry," NALU general counsel James Douds explained in his "On the Legislative Front" article in May. "Until now, no comprehensive way of dealing with the problem appeared to have been outlined. The Reagan program, however, contains reason for hope that a solution, if not yet at hand, may at least be attainable," he said.

There were mixed feeling in the life insurance community, however, when the Economic Recovery Tax Act of 1981 was signed into law. For the agents the new law posed some problems, though it certainly offered enough inducements for people to save money. Among the provisions of the law were sections that allowed all workers to claim tax deductions, within limits, for retirement savings, liberalized tax deductions for retirement savings, interest and dividend exclusions, and reduced or eliminated estate and gift taxes for most persons.

Dedication of the new wing at NALU headquarters took place on June 16, 1981. Completion of the two-and-a half year construction project meant an added 22,000 square feet of office space. Some four hundred associations, government and industry representative attended. The various office suites were named after the associations that had contributed heavily to the building fund and the attractive, state-of-the-art conference room was named in honor of C. Carney Smith. NALU president H. Kirke Lewis acted as a master of ceremonies. "With our expanded facilities," he said, "we foresee new opportunities for association members and the finest association staff in American to serve our country and business with dispatch loyalty and efficiency."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] Though it continued to grow to some extent, the magazine's staff remained fairly stable during this period. Joseph Razza remained managing editor until he was named senior editor at the end of the decade, when Nicholas W. wood, who had been hired as an assistant editor in the spring of 1979, became managing editor. During the early 1980's Barbara Pingitore, Peter Kilcullen, George Norris and Melissa Morrison were member of the editorial department. (Morrison later took over production.) Meanwhile, Chuck Jones joined the staff as an assistant editor, and William

Cooper was hired when Kilcullen left. Steve Sullivan joined the staff in January 1985, and \Wallace Longsreth retiredin March of that year. Tat fall Karen Greenblatt replaced Cooper. Phillips increased his staff with the addition of Jeanie Kahnke and another assistant.

[xiv] LAN, November 1980, p. 33

Voices from the Field

Drop in Local Membership

For the first time since the 1920's membership in local associations dropped; the reduction was substantial in some places. When the membership campaign ended in June 1981, the total came to 131,040. This was 8.786 less than a year before. A number of reasons could be cited for the sudden decline. Some large companies, notably the Metropolitan, were reducing their field forces with perhaps an eye toward pursuing alternate marketing systems. Among the agents themselves there were many with diversified interests who preferred to be called "financial planners." To them, the tradition-minded life underwriters associations had lost some of their relevancy. And as always, there were many agents who might benefit immeasurably form association membership but declined to join. Often, there had been no effort to reach them.

In his comments to the National Council at the NALU's 92nd convention in Atlanta that fall Bobo said, "There are no statistics that will support the decline we have experienced this year. Even when looking at projections of agent population extending into the 1990's there is a clear indication of a potential of 75,000 agents over and above the numbers who are now members of our local associations." Emphasizing the importance of having the industry's field force identified with associations in order to perpetuate the business on a high plane, he exhorted the agents:

> A handful of misguided prophets are predicting a dark future for the agency system. I believe that they are wrong, and for a very basic reason. The error in their judgment was best expressed by Isaac Kibrick at the 1962 NALU convention. He was asked why at age 78, when he was financially secure, did he continue to work so hard. His reply says it all: "I work because the people need me." Isaac was right—the people need us—and we need each other.[xv]

The comment was timely. The changing social climate dictated an urgent need for agents to shore up their defenses and reassert their commitment to professionalism and high standards. Among those currently attacking life underwriters and their work was Andrew Tobias, whose recently published (and highly readable) book, *The Invisible Bankers*, was receiving a lot of attention. Many of the points developed by Tobias were reminiscent of the FTC's staff report of 1979. Some harkened back to an earlier day, and one could detect in his charges of industry inefficiency echoes of the TNEC hearings of 1940. Alan Press, a general agent for Guardian Life in New York City, undertook to challenge Tobias's assertions and the two met in lively debate on a popular talk show. In his highly critical review of *The Invisible Bankers*, published by *Life Association News* shortly afterwards, Press noted:

> A good deal of Tobias's effort goes into promoting term insurance and knocking whole life. Noting that agents make more money selling whole life than selling term, he adds that agents believe "selling term insurance instead of whole life is like selling a motorbike instead of a Buick."
>
> Right you are, Andy Baby, and that Buick will give more comfort and safety, carry more people, last longer and ultimately gives you a far better return on your investment, and so will whole life insurance.
>
> But, charging that "a whole life policy is … largely a savings plan" that offers a "lousy" interest rate, Tobias concludes that "most people would have been a lot better off buying term insurance instead."[xvi]

Negative publicity came from other quarters, too. A National Broadcasting Company television special entitled "Protection for Sale: The Insurance Industry" moved Bobo to write: "To take an industry as large as insurance and spend an hour raking it over the coals, largely with distorted or contrived information and with complete disregard for any merit or value that industry produces can hardly be considered objective reporting. We do not expect NBC to be our cheerleader, but we do believe we have the right to expect basic integrity from an organization vested with so much of the public's interest."[xvii]

A similar attack in the name of consumerism occurred a year later when Random House published *How Life Insurance Companies Rob You and What You Can Do About It*, by Walter S. Kenton, Jr. A chartered Life Underwriter and an apostate from the industry, he presented the life insurance salesman in perhaps the most unflattering terms since the muckrakers of the early 1900's. The difference was, of course, the muckrakers lived in an era when abuses were flagrant and pervasive. "As a sales manager, under pressure to produce more business, "

he related, "I'd load up my car with salesmen and drive to a low-cost housing development or trailer court. I'd give the boys a little pep talk, and then we'd burst out of the car like Green Berets."

It isn't easy, of course to defend a business against uncomplimentary revelations like that, except to point out that such behavior is not characteristic of the way most full-time, career agents operate.

Jack Peckinpaugh, general agent for Indianapolis Life in Muncie, Indian, was elected president of the NALU for the 1981-82 term. Besides the numerous Association offices he had held, Peckinpaugh had served as NALU's membership chairman and was a former president of the Million Dollar Round Table. "To the many whose lives he has touched for the better," *Life Association News* commented, "he is known as a person without pretense or façade, and who has the uncommon facility to put others immediately at ease." Noting the drop in membership, Pekcinpaugh urged the agents to rejuvenate their membership drives with personal solicitations. "The members are out there but they have to be sold," he said. "We've got to go to them, explain what NALU is and what it is doing for them. We have to encourage them to take an active part in this great association. Letters and promotional material won't get the job done. Membership has to be sold just like life insurance: Eye to eye and person to person."

In July 1982 Peckinpaugh told the members of the Million Dollar Round Table at their fifty-fifth annual meeting in Atlanta, "Unity alone can help the underwriter meet the increasingly urgent and unexpected demands of this decade. It's my belief that the unaligned and uncommitted will, at best, be lost and, at worst, be a millstone to those fighting the good fight. We need unity to combat the unreasonable, the unprincipled and the unworthy."

On the same occasion, Peckinpaugh touched on a topic of increasing concern to the associated agents—rebating. The consumerist movement had generated pressure to dismantle the anti-rebating legislation carefully built up over the last hundred years in the various states. "The anti-ani-trebating movement in the United States is, in fact, anti-consumer, anti-agent and anti-company," he said. "It is ultimately, if unintentionally, anti-life insurance." Pointing out that repeal of the anti-rebating laws would artificially raise the cost of doing business and so raise the cost of coverage, he said the small consumer would suffer most because "he would end up subsidizing the bargains received by more sophisticated and aggressive buyers."[xviii]

Meanwhile, legislative activity in Washington had kept the NALU's legal staff and the Association's leaders fully occupied. The second year of the Reagan administration saw the passage of another tax law that affected the business and the agent's work. Besides revising the life insurance company taxation's formula, the 1982 Tax Equity and Fiscal Responsibility Act (TEFRA) imposed a penalty tax on certain annuity withdrawals, placed limitations on pension plan benefits and imposed additional restrictions on certain plans. The NALU had opposed proposals to eliminate interest dedications on consumer loans and restrictions of pensions and group life insurance. Due to the efforts of the AALU, some of the pension proposals were softened. 'On the positive side, as regards to pensions,' NALU executive vice president Bobo observed, 'the liberalization of the limits on Keogh plans will expand that market and hopeful offset most of the losses anticipated by the reduction in tax leverage in pension plans for high income people."

With the increasing legislative activity, the NALU's legal department was pleased to welcome its first woman lawyer, Danea Keohoe, to the staff. A graduate of Georgetown University, her primary area of responsibility became the taxation at the federal level of life insurance products and policyholders. She had worked for some time in the NALU's public relations office while completing her studies at Georgetown. Her familiarity with the agents' problems and interests as well as her skills as a writer made her an effective lobbyist for the agents on Capitol Hall.

The Association held its 1982 convention in St. Louis. Rice E. Brown, an agent for National Reserve Life/Security Benefit Life in Topeka, Kansas, became president of the national organization. Characterizing him as a "doer" the Association's magazine pointed out that Brown had served as a trustee, secretary and president-elect, and as chairman of the very important State and Federal Law and legislation committees. "During his tenure as chairman of the Federal L&L Committee," the editor observed, "he received national recognition when in testimony before congress and through forceful committee action, he persuasively stated the national association's opposition to national health insurance schemes, inappropriate intrusion of the Federal Trade Commission into the life insurance business, and costly expansions of Social Security."

Tall and slender, he made an impressive figure. Brown was the first NALU president with a full beard since Layton Register, who had been president in 1900. With his contagious enthusiasm and personal warmth, coupled with the Westerner's easy informality, Brown delighted the agents and charmed industry leaders as well as politicians. Representing those whom favored providing fuller financial services to clients, he held optimistic and liberal views on the agent's function in a time of consumerist activism. Life Association News commented:

> Brown is open minded when it comes t a trend towards new dimensions in life underwriting, or rather a broader definition for the profession. While he has long excelled in life and health insurance…, he

> broadened his personal concept of life underwriting about 10 years ago. At that time, he reorganized his business operation to be the key member and catalyst of a corporate financial life underwriting team, and began to work in close cooperation with experts in the financial service lines to provide total financial planning for clients—sometimes on a fee basis.
>
> "Total financial planning is a new and productive gateway of opportunity for many life underwriters," he notes. "There could be some consumer resistance to the more traditional forms of life insurance, yet new, and more utilitarian life insurance products will become available and will be accepted by the public."[xix]

Such diversification appealed to many agents who began to assume the role of financial planner. Not a few life underwriters acquired the necessary credentials and assumed the title. Often they formed partnerships with accountants and brokers to provide these additional services all under one roof. Undeniably, for certain clients the idea of "one-stop shopping" had considerable appeal. Recognizing the extensiveness of the financial planning movement and the diverse functions many agents served, the NALU sought to help the associations recover recent losses in membership by broadening their appeal. Membership committees began developing ways to contact and attract more home service agents, fraternal agents and agents selling multiple lines of insurance. It was a logical step and the Association, with its tradition of service and professionalism and its large resources had a great deal to offer agents working in these areas. Consequently, the NALU formed subcommittees of home service and fraternal agents, and a full committee on Multiple Line was established. Responding to the need for wider appeal, *Life Association News* began devoting more attention to the work of the home service agent and the concerns of those involved in selling multiple lines. Predictably, one of the first recommendations of the multi-line committee was a professional liability policy with broader coverage.

Commenting on the NALU's efforts to serve the various segments of the field force, Jack E. Bobo told the delegates at the St. Louis convention, "The challenge to NALU will be to nurture the kind of maturity that will accommodate the differing philosophies that spawn a wide variety of marketing strategies. It is reasonably clear that we are not going to be as homogeneous as in former times, and we will likely embrace a broader range of activities that are just now starting to be defined."

In December 1982, the General Agents and Managers Conference announced the appointment of Dennis G. Stork as its new executive vice president. Stork's background was in association management. At the time he agreed to head the GAMC office in Washington, he was executive vice president of the Illinois Association of Life Underwriters. Stork quickly proved his capabilities as a manager. Besides exercising a desirable fiscal responsibility, he soon developed a talented and loyal staff that gave the general agents and managers exactly the kind of services and representation required.

In a further bid for broader appeal, the NALU board of Trustees at its January 1983 meeting initiated a bylaw amendment changing the NALU motto from "Life Insurance, a Declaration of Financial Independence," to "Providers of Financial Independence." NALU president Rice Brown explained, "The new motto should reflect the board scope of responsibilities life underwriters owe their clients. Many find themselves acting as consultants and providing a variety of financial services. If adopted by the national council at the NALU convention Chicago next September, the motto will be incorporated into a modified version of the NALU logo."

The board also devoted considerable attention to ways of making local association meetings more profitable and stimulating. Reporting on the meeting Brown explained, "More diversity must be introduced into our programming so that the meetings will have a wider appeal. Newly-elected board member, Alan Press, CLU, agreed to act as chairman and NALU secretary Michael Keenan, CLU, will serve as a member of the task force charged with developing proposals for improved programming. Since broader appeal is a primary goal, special efforts have been made to ensure that the membership of this task force represents all segments of the NALU family."

The board also decided to change their meeting schedule. Ever since the Association ceased having midyear meetings the NALU Executive Committee had been meeting in January and June. The new calendar called for a spring meeting in April and a fall meeting in November. The September pre-convention meeting date remained unchanged, and the post-convention session, a somewhat perfunctory meeting, would still be held during the post convention luncheon.

Brown mentioned another topic of current interest in his report on the board meeting:

> Meeting at this time in Washington, the NALU board could hardly ignore the question of sexual bias in determining life insurance premiums. There is a case before the Supreme Court, and a bill pending in Congress involving this very issue. Members felt that, generally, this is not an issue that will impact very severely on life underwriters. The industry used unisex tables up until the 1960's, and, obviously,

> could go back to them. However, charges for life insurance, based on actuarial figures, which project longevity in terms of gender, seem to be the most equitable method, so the board expressed support for the current method of determining premiums.[xx]

One legal issue that plagued the insurance industry throughout the 1980's arose form the banking industries repeated attempts to enter the life insurance business. The law of the land had always held that banking and insurance should be kept separate. In 1983 the banks made a breach with the so-called South Dakota loophole when they prevailed over that state's legislature, despite the vigorous opposition of the South Dakota Life Underwriters Association. "This ominous carte blanche was placed in the hands of banks last month," H. James Douds, general counsel to the NALU, informed the agents in April, "when legislation was enacted in South Dakota permitting banks chartered in that state to either underwrite and sell insurance directly, or acquire insurance companies or agencies for the purpose," The danger was, of course, that other states might adopt similar legislation. Douds suggested that perhaps the best way to combat the spread of permissive legislation would be to seek further amendment of the Bank Holding Company Act in Congress.

The agents had been fighting a similar battle in Delaware for some time. Discussing the implications of the South Dakota loophole Douds said:

> If the permissive new bank legislation adopted in South Dakota—and pending or planned in Delaware and perhaps as many as a dozen other states—is enacted and implemented widely, the traditional wall of separation between banking and insurance will have been pulled down. The direct or subtle or subliminal insurance coercion of would-be bank borrowers, and the feared unfair competition that could be furnished by banks of the 250,000 people in the United States who make their living selling life insurance could easily become commonplace.[xxi]

Potential dangers of the banks' further entry into insurance was emphasized in Washington the following May by Bruce W. Foudree, Iowa's Commissioner of Insurance, when he appeared before the Senate Banking Committee, chaired by Senator Jake Garn of Utah. "Individually, operations of insurers, securities broker-dealers, banks, savings and loans and real estate companies involve enough hazards and difficulties in today's environment," he said. He indicated that the combination of these activities under one roof "carries with it the potential combination of insurance, credit, investment, and property risks not previously known or foreseen. Problems of regulation are compounded by such combinations; the ability of regulators to protect consumers is affected."

In his "Across the Board" column of April 1984, NALU trustee Alan Press said, "We have good reason to feel threatened. Banks say they will deliver insurance more competitively by reducing distribution costs (meaning agents' commissions) and more conveniently. Even if either contention were true (neither is), banks should still be barred from selling insurance. In the end it would be the consumers who would suffer most."

Reinforcing the argument for separation, Press pointed out:

> Recent testimony before the Special Commission on Insurance, Securities and Financial Service of New York State given by insurance representatives from Spain, Brazil, Israel and South Africa confirm that , in countries where banks sell insurance, the banks dominate the business even though there are laws in those countries prohibiting "tie-in" sales and coercion. Sophisticated businessmen understand the unspoken, unwritten message: "Credit is the life blood of your business." Service, competitive rates and competence counts for very little when your banker makes you an offer you can't refuse.[xxii]

Testifying before the Committee on Banking, Housing and Urban Affairs of the U.S. Senate in March 1984, NALU trustee David F. Woods complemented, "However you look at it, the banks' record on credit tie-ins paint an unappealing picture of abuse: higher premiums, exorbitant profits, reverse competition for higher commissions, massive market penetration rates, unnaturally low loss ratios, and inadequate disclosure to consumers for double coverage's, policy expirations, and claims collections. Please don't take my word for it," he added. "Read the record, and then reassess the banks' claims of benefits to the public in the context of unrestrained use of credit leverage in insurance sales."[xxiii]

Despite the powerful influence of Governor DuPont, the pro-bank bill failed to pass the Delaware legislature. Its failure was due almost entirely to the highly coordinated efforts of the associated life underwriters in that state.

On July 6, 1983, the Supreme court decided in *Norris vs. Arizona* that employee retirement benefits based on contributions made after August 1, 1983, must be calculated without regard to the gender of the employee. "The effects of the *Norris* decision on the insurance product, while serious, willing time be solved," observed NALU counsel William R. Anderson. "A far more destructive operative is at work, however, when one considers the indirect

attack by the U.S. Supreme Court upon the regulation insurance in the several states…Little did Nathalie Norris realize, when she filed her class action suit in 1978, that the ultimate decision would 'revolutionize the insurance and pension industries,' as Justice Powell argues in his dissent," Anderson commented.

The Association held its 1983 convention at the Hyatt-Regency Hotel in Chicago. At the same time both the NALU and the Association for Advanced Life Underwriting we deeply involved in delicate negotiations with the Select Revenue Measures Subcommittee of the House Ways and Means committee. The aim was to convince the Subcommittee to delete three "product provisions" form the proposed Stark/Moore revenue bill, which would create a corporate tax structure for life insurance companies. Although the convention activities proceeded on schedule, the negotiations occupied a lot of the leadership's attention, necessitating an extraordinary late-night NALU board meeting on Monday, September 26.

Among other things, the provisions proposed to change the tax cost basis of a permanent life insurance policy, limit the deduction of interest on policy loans over $50,000, and tighten group insurance rules. The NALU argued that all these provisions would "directly and adversely affect policy-holders." The co-sponsor of the bill, Representative Forntey H. "Pete" Stark of California, was a featured speaker at the opening session. (This was the day before subcommittee was to go into its mark-up session.) Stark urged the insurance industry to compromise, warning that an "all or nothing" stance would only alienate the committee members and exclude the industry from negotiations. The nearly 3,500 agents and guests attending were kept posted on developments as the negotiations proceeded. Relating the day's events, *Life Association News* managing editor Joseph C. Razza, Jr., reported:

> NALU and AALU were able to reach an agreement with Subcommittee chairman Stark and cosponsor W. Henson Moore (R-La.). The "product provisions" were modified to reflect NALU concerns during the mark-up sessions which took place in Washington, D.C., on September 27…
>
> Ironically, many career life underwriters probably never will be aware of the full significance of this vi8ctory, because it prevented a disaster form occurring. But that's the nature of averted danger: the treat disappears, often leaving no indication of its potential virulence. Those coming later usually find it difficult to appreciate what might have been.[xxiv]

Besides endorsing the new motto for the Association, the National Council approved the establishment of a standing committee on home service. To accommodate the multiple-line agents, they also agreed to recognize the Chartered Property and Casualty Underwriter (CPU) designation as one way of satisfying the education requirement for continued membership in a local life underwriters association.

The youthful and athletic Robert B. Hughes, general agent for Maccabees Mutual in Lansing, Michigan, succeeded Brown as president. A graduate of Michigan State, where he was a track and cross country star, Hughes had a ling record of Association service, both locally and nationally. "I've always been very much aware of the many people who have given men a boost along the way," he told an interviewer. " To reciprocate in kind to others seems to me to be one of the most meaningful legacies we can leave." He credited much of his success to his wife, Dee. "Her support caring, sharing and ability to take the good with the bad have made the difference on many occasions when I wanted to drop out of the race, both on the track and in business," Hughes confided. He added that a major thrust of this administration would be "to continue membership growth among a more diversified life underwriter fraternity."

In January 1984, the LUTC announced that it would grant a professional designation: Life Underwriter Training Council Fellow (LUTCF). "LUTC Fellow becomes the first designation offered by LUTC in its thirty-seven year history, said Norman G. Levine, chairman of the Council. The first conferment of the new designation, he said, would take place that September in Kansas City during the NALU convention. Eligibility depended upon students completing a combination of LUTC courses to accumulate three hundred "Study and Practice Equivalents, or credits. They also had to belong to a life underwriters association in the year of conferment. The LUTC had for some time been awarding a Life Insurance Marketing diploma to all who successful completed the personal and a business insurance courses.

The NALU took another step toward broadening its international outlook during February 1984 when the Association's president Robert B. Hughes and executive vice president Jack E. Bobo traveled 25,000 miles to Australia, Singapore and Hong Kong. There they visited life underwriters associations, spoke at their conventions and talked with company and government officials. Much of the discussion entered on common problems and goals and the best strategies for creating a better climate n the market place. In their addresses to the Australian national convention at Canberra, both emphasized the need for agent education, licensing standards and good public relations. *Life Association News* reported:

> The overall impression which the two association leaders brought back from their trip was that future development of internationalism among life underwriters associations will probably continue to be

> without formal structural ties. The legal and cultural differences among countries are sufficiently great that resident life underwriters often share very little organizational interests with others outside their boundaries….
>
> NALU's role, according to Jack Bobo, should be one, first, of preserving the stability of our own domestic marketplace by means of encouraging prudent government regulation, and then, of providing the example and leadership which will encourage others to adapt those same concepts to their own cultures.[xxv]

Pressure from the banking industry for deregulation was at a peak in 1984. "In recent months," Hughes observed in his address in the Million Dollar Round Table at their annual meeting in New York City that June, "we have been exposed to very powerful presentations by prominent banking officials offering their reasoning as to the inevitability of deregulation permitting them to engage in commercial enterprise, including insurance. Such presentations," he said, "whether before the Congress or industry groups, have been laced with simplistic analogies, arrogance, pretended altruism, and outright misrepresentation of public demand."

Hughes expressed particular concern about the coercive powers of lending institutions to link credit with life insurance sales. "There are many reasons why we need to be alert to these latest attempts to infiltrate our marketplace," he reminded his international audience of leading insurance agents, "but chief among them is the stewardship role we must play with respect to our industry" Appealing to MDRT members as industry stewards, Hughes urged them to take an active role in the legislative fight against deregulation. "One of the most serious efforts to bypass the intent of Congress," he said, "is taking place right here in New York—and it's a battle in which all fifty states have a vested interest, because of the enormous capabilities of the banking industry domiciled here.

As the NALU and other industry organizations defended the integrity of the life insurance business against the attempted invitation of the banking industry, congress passed another tax law. While the Tax Reform Act of 1984 significantly changed the basis upon which life insurance companies were taxed, it also included universal life insurance within the definition of life insurance, thus preserving its favorable tax treatment.

Elsie M. Johnson, the NALU's comptroller and a member of its headquarters staff since 1955, died unexpectedly at there home in Fairfax, Virginia, on June 30, 1984. Her death was the result of coronary insufficiency. Johnson was one of seven NALU staff members who moved from New York city to Washington in 1956 to establish the organization's headquarters in the nation's capital. She was succeeded by Joseph E. Dillon, a certified public accountant and a graduate of the University of Maryland.

As the Senate proceeded to consider the banking deregulation bill in Washington during the week of September 9, the NALU was holding its annual convention in Kansas City. An increasing number of convention delegates contacted the offices of their Senators on the pending legislation. Even as the convention adjourned at noon on the 13th, delegates in Kansas city were exhorted to continue contacting senators, while at the same hour in Washington the Senate was settling in for a debate on S. 2851 that was fated to last until almost midnight."

Of particular interest to the delegates was an amendment offered by senator Christopher J. Dodd of Connecticut to close the so-called South Dakota loophole in the Bank Holding Company Act. Despite heavy opposition and much to the agents' delight, the bill passed with the Dodd amendment intact by vote of 89-5 at 11:30 p.m. on September 13th.

The Kansas City convention had an international flavor, owing the fact that the presidents of the life underwriters associations of Canada, Great Britain and Australia spoke at the general sessions. "Bridging the gap between countries, between nations, between associations—we have much to learn form your great history," said Tony Gordon, president of the Life Underwriters Association of Great Britain and Ireland. "I the United Kingdom, our associations only 10 years old. We have some 10,000 members, about 3 percent of the potential. It takes many years to gain the acceptance and earn the trust of companies and governments," he said, "but, we're striving hard to achieve this."

Michael C. Keenan, a general agent for the prudential in Skokie, Illinois, became president of the NALU in 1984. Besides enjoying a successful business career, Keenan had served on many Association committees and could look back on a fine record of time and energy spent in the cause of agent professionalism and the industry's welfare. In his acceptance speech at Kansas City, he stressed the importance of recruiting new members for the associations. "Enough is enough," he said. "The time has come to leave no stone unturned. All who make money selling insurance belong within the NALU family."

Among the new officers was John H. ward, III, of Louisville, Kentucky, who replaced the NALU's long-tenured treasurer L. Kent Babcock. Ward's tireless efforts on behalf of LUPAC in recent years had won the admiration of everyone concerned about the industry's political strength. His long record of Association service, along with his well-

known success as a businessman, made him a natural choice as Babcock's successor.

Ben Feldman, an agent for New York Life in East Liverpool, Ohio, was named the 1984 recipient of the John Newton Russell Memorial Award. Called "the incomparable life insurance salesman," Feldman has an international reputation for unparalleled success in promoting life insurance. "Each of us has heroes, depending on our backgrounds and our interests," said H. Kirke Lewis who presented the award. "I'm sure they are many and varied, but when it comes to life underwriters," he said in reference to Feldman," there seems to be universal agreement that one person has earned and deserves our admiration, our respect and our affection for a lifetime of absolutely magnificent accomplishment and service."

In the summer of 1985, the NALU launched another publicity campaign to help agents respond to the consumerist movement. Called "Financial Fitness," it consisted of a series of 90-second television news segments for local newscasts; a 60-second daily "Financial Fitness Report" for radio a question-and –answer column, "Your Financial Fitness" designed for distribution to suburban newspapers; and an attractively designed brochure entitled "Shaping Your Financial Fitness. Describing the initial television "news clips" *Life Association News* explained:

> The series presents actual case histories and personalities from Kiplinger's *Changing Times* magazine, the American Association of Retired Persons, and President Reagan's Commission on social Security Reform as objective third parties who understand the need for financial planning with a solid insurance foundation. Subjects covered include the need for financial planning; qualities to look for in a financial planner; the importance of disability insurance; the need for careful retirement and estate planning.
>
> NALU is not specifically mentioned in the news series for the good reason that TV stations are more open to using segments, which do not contain any obvious "special interest" group identification. The message is the most important element, and NALU has done everything possible to encourage use of the news clips.[xxvi]

It was a modest program, but evidently a very effective one. Speaking at the "Tom Grant" breakfast the following November the NALU's new president, Moorland G. McManigal, reported to the company executives that 135 television stations had already requested copies of the 90-second spots.

The only contested post among the officer and trustee positions at the Association's annual convention that fall in Anaheim, California, was that of secretary. Three candidates vied for it: trustee Mary E. Fort of Chevy Chase Maryland; past trustee Robert A. Pierce of Tigard, Oregon; and Arthur Abramson of New Orleans. Abramson won. In electing Morland G. McManigal, an agency manager for State Farm at Fair Field, California, the Association had its first president to represent the multiple line agents. A former college athlete of impressive physique and a warm-hearted family man, McManigal was universally liked and made many friends for the NALU and the industry during his term of office.

The Association's recovery form the great membership loss of 1981 was a slow process. By June 1985 membership in local associations totaled nearly 133,000. Besides reaching out to the various branches of the field force, the particularly in the legislative arena. Addressing the opening session of the convention, outgoing president Keenan expressed immense satisfaction at the accomplishments of the last year. He cited the impressive advances in life underwriter and consumer education, public service and public information programs, effectiveness in both state and federal and legislative advocacy, identification of life underwriters as essential in the financial planning process, improved communication within the NALU federation of state and local associations, and increased membership.

Congress at this time was in the process of designing a new income tax code. Of particular concern to the agents and industry leaders were a number of proposals to tax life insurance products. The NALU had joined forces with the American Council of life Insurance (since 1983, headed by politically astute Richard S. Schweiker, former Senator from Pennsylvania and Secretary of Health and Human Services,) and the Health Insurance Association of America in a massive mailing campaign to voice the people's opposition to having their life insurance savings subject to further taxation. Commenting on the gratifying response for support in fighting the proposed taxes, NALU executive vice president Jack Bobo observed, "For a long time we have wondered exactly what our capabilities really were in terms of an all our grass roots lobby if effort. Thanks to the joint venture…, that question has now been answered and in a most satisfactory manner. The membership responded as requested and their policy holders let congress know how they felt about unwise provisions within the proposals under consideration. "Emphasizing the need for continual vigilance, Bobo told the National Council at Anaheim:

> The importance of preserving the present tax status of insurance products is becoming even more pronounced in light of the emerging social issues that have the potential for enormous consequences for society and the financial services industry. I refer to the problems associated with the financing of

> long term custodial care for the aged. As our population ages some researchers predict that this will become our number one economic and social problem unless we begin to deal with it right away….
>
> It is ironic that at the very time the private sector is being asked to help develop products to finance long-term care, the government is proposing a barrier by changing the tax laws. Long-term care is but another example to illustrate tat the problems we help people to solve, such as death, disability, healthcare and retirement are among life's most difficult. The current tax proposals eliminate none of these problems, but would make them all the more difficult to solve.[xxvii]

Bobo was the recipient of the 1985 John Newton Russell Memorial Award. Citing him as "the consummate professional in underwriting," the committee stated, "Through your achievements and your writing s and speeches of clarity, reason, depth of knowledge, and credibility, you have given substance to your lifelong credo: 'One must earn the right to be heard.'"

The NALU family was saddened to hear of the death of the Associations former executive vice president C. Carney Smith, on May 23, 1986, at the age of seventy-three in Kalamazoo, Michigan. Since retiring, Smith had been a member of the board of Liberty National Corporation in Birmingham, Alabama and consultant to several other life insurance companies. He was also widely known as the "voice of NALU" on *LANSCAN*, the audio tape version of *Life Association News.*

The associated agents suffered a severe setback in the area of state regulation in 1986 when consumer activists succeeded in having rebates legalized in Florida. Lamenting the Florida court's decision to overturn anti-rebating case decision handed down by the Florida Supreme Court on a four-to-three vote sent a shock wave through our entire membership. The Florida ALU and NALU have worked together closely for the past five years on this case and we are still not finished."

The great concern, of course, was that pro-rebating forces would not be content with victory in Florida, but move on to other states. In California for instance, where the legislature had recently passed strong anti rebating measures, the Consumers Union was in court challenging the constitutionality of the law. Noting that the California ALU and NALU were working together in support of the anti rebating law, McManigal told the delegates that because of the "tremendous impact" of these rebating cases on the agents' work, he had appointed a task force headed by NALU past president Thomas J. Wolff to "explore ways our membership can cope with this emerging threat.

"The initial approach of the task force," he explained, "was to review the past activities of NALU and the state associations in the rebating file. Next, the talk force reviewed additional activities that Na\ALU and the state associations might put into action in the future to head off this threat to the insurance buying public."

Vigilance had its reward. In July 11987, the California Insurance department and the California Association of Life Underwriters scored an impressive victory over the Consumers Union when the Superior court in San Francisco upheld the constitutionality of the state's anti rebating laws on the basis that the California legislature reasonably determined that rebating is "an activity not in the best interests of citizens of the State of California." Ironically, the Court found the testimony by a Consumers Union witness a compelling argument for rejecting the suit. In its decision the Curt wrote, "While all of the testimony was weighed by the court, one for the most important pieces of testimony was what was said (and, perhaps, what was not said) by David Goodwin, the insurance agent form Florida. His testimony, while strongly supping rebating, also demonstrated a practical abuse that would follow. While in the Florida Anti-Rebate Law was struckdown, Mr. Goodwill was not yet engaging in rebating because of the position taken by the Florida Insurance Commissioner. With the Commissioner cautioning against unequal rebating, Mr. Goodwin chose not to rebate under those conditions."[xxviii]

Occupying much of the NALU's attention as well as the nation's during 1986 was the new tax code that Congress was busily engaged in division. "Our most difficult area lies in the treatment of the interest on policy loans," Bobo commented. In his report to the National Council Bobo said:

> This is not a new issue but rather one we have struggled with for the past twenty-five years. It is of particular concern to the members of the Association for Advanced Life Underwriting and others working in the business and estate planning markets. While this section of the proposed law has only minimal effect on most of our members, it can have a very dramatic effect in the aforementioned markets. It is important that we not abandon any segment of our membership when such threats are posed.
>
> Having said that, It is also time to face up to reality. Leveraged policies will always be the target of those writing our tax laws. Therefore, it seems to me that we should address the question of whether

> there is a more practical way to serve these markets. I can tell you first-hand that in meeting with Congressional and Treasury people about our tax questions, some of the current practices are very difficult to defend.[xxix]

While preserving the essentials, ultimately the life insurance industry was not entirely happy with the results in Washington. When it finally became law. The Tax Reform Act of 1986 eliminated the tax deductibility of IRA contributions for highly paid persons who are covered by pensions plans, reduced to $7,000 the maximum contribution to salary reduction—401(k) plans, established new non discrimination rules for accident and health plans and group term life insurance, and limited the deductibility of interest paid with respect to loans on corporate-owned life insurance policies.

David F. Woods of Springfield, Massachusetts, succeeded McManigal as NALU president. A former U.S. Air Force pilot, Woods had grown up in Baltimore, graduated from the prestigious Gilman Preparatory School and Loyola College, and begun his insurance career at the home office of United States Fidelity and Guaranty Company in 1961. He joined the Massachusetts Mutual in Springfield as an agent in 1966. His notable record since was highlighted by Life and Qualifying membership in the Million Dollar Round Table, consistent qualification for his company's to production awards and a long history of Association leadership.

Former NALU president Norman G. Levine received the Russell award for 1986. Listing his many accomplishments, the committee praised Levine as "a preeminent leader of the life insurance business, a respected role model for untold life underwriters worldwide, and the worthy recipient of the highest individual honor in life insurance for service above and beyond the call of duty." Noting that he had held the top elected positions of the National Association of Life Underwriters, the General Agents and Managers Conference and the Life Underwriter Training Council, the tribute stated, " As an unparalleled communicator and by notable personal example, you have motivated our ambitions and strengthened our confidence in times of vexing change…."

Late in 1986 the NALU purchased the controversial industry publication *Probe* form Longmont Publishing, the old established London publishing house, which had acquired the monthly along with the purchase of another industry publications. The asking price was $25,000. In December Probe appeared for the first time as an insert with *Life Association News*. Introducing the readers to the innovation, *Life Association News* editor Edward Keenan told his readers:

> Opinions make the world go round. One person forms an opinion and expresses it persuasively; others are drawn to his argument; and, before long, we have a policy, which influences all of society.
>
> *Life Association News* is the official voice of The National Association of Life Underwriters. It expresses policy, and therefore, it is probably not the appropriate vehicle for highly personal opinions. But because opinions—even unpopular ones—can be so important, we need a good vehicle to express them. And Probe is that vehicle.
>
> *Probe* is a newsletter—a happy combination of watchdog and gadfly—which has existed independently since 1954. It has always been thought provoking, lively and controversial. It has, on occasion, forced the industry to rethink practices long accepted by no longer acceptable.
>
> NALU recently purchased *Probe*, not to subdue it, but to enhance it. It will be bound into *Life Association News* but not bound by it. It will have an independent editor, Mr. William Macfarlane, formerly editor-in-chief of the National Underwriter's publications, some staff writers, and some guest editorials. What you read in *Probe* will not express policy, but neither will it attack orthodoxy merely to provoke controversy. It will be, quite simply, the thoughts and opinions of the best minds in our industry. I am proud to welcome *Probe* to this magazine, and proud also of an association and an industry which has the maturity to welcome such unbiased critique of its activities.[xxx]

Donald F. Barnes had been the newsletter's most recent editor. Continuing as contributing editors were George G. Joseph and H. Kirke Lewis. Macfarlane guided *Probe* through 1987 and into early 1988 when Sam Gaglio, former editor of *Life Association News*, became editor.

Among the issues that dominated much of the industry press during the 1980s was the newly diagnosed and always fatal acquired immune deficiency syndrome, or AIDS. As the decade advanced and the disease spread at an alarming rate, projected statistics created an actuary's nightmare. Because of its reluctance to undertake unnecessary risks associated with AIDS (primarily by insisting upon including tests for the presence of the AIDS virus in the routine medical examination before underwriting individuals), the life and health insurance industry became the object of much criticism, targeted for both legislation and litigation. "We are perceived by many to be

discriminatory—in the narrowest and most negative sense of the word—by weeding out people who through no fault of their own, face the gravest risk." Commented Donald K. Ross, chief executive officer of New York Life, in the summer of 1987. "With the onset of AIDS, the question of risk classification becomes a question of survival for our companies and our industry. A year ago, based on reasonable assumptions, we determined that if we did not combat anti-selection by AIDS carriers and did not raise our premiums, New York Life would probably face insolvency within a decade."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[vii] LAN, October 1979, p. 43

[xv] LAN, October 1981, p. 65

[xvi] LAN, May 1982 p. 192

[xvii] LAN, June 1982 p. 20

[xviii] Cf. LAN, August 1982, p. 63

[xix] LAN, October 1982, p. 28

[xx] LAN, February 1983, p. 14

[xxi] LAN, April 1983p. 30

[xxii] LAN April 1984, p. 14

[xxiii] Ibid., p. 20

[xxiv] LAN November 1983 p. 35-36

[xxv] LAN, May 1984 pp. 33-36

[xxvi] LAN September 1985 p. 37

[xxvii] LAN, November 1985, pp 61-63

[xxviii] Cf. LAN September 1987p. 46

[xxix] LAN, October 1986 p. 85

[xxx] LAN, December 1986, p. 4

Voices from the Field

The NALU Issues Statements on AIDS

The dilemma of what to do about the AIDS problem came into sharp focus in 1986 when the Washington, D.C., Council passed a law forbidding insurance companies to test applicants for the AIDS antibody. Many felt the move attacked the foundation of the insurance industry, which is the concept of risk sharing. "When 80 percent of the life and health insurance companies doing business in a city pull out, something is wrong," wrote Leslie H. Jackson, a prominent association leader in the District of Columbia. "The AIDS epidemic is causing many problems for society in general and for the insurance industry in particular," he pointed out in an article appearing in *Life Association News*, in August 1987. "The D.C. law has been in effect for a year. One result has been that many companies no longer write individual life, health and disability insurance in the District of Columbia." Other jurisdictions, he observed, including California and Wisconsin, had enacted similar restrictions and other states; notably Massachusetts and New York were considering taking similar steps. Citing a study on the impact of the ruling in Washington, conducted by Howard University Professor of Insurance Martin Weiss, Jackson reported:

> Professor Weiss concluded, "The market for the purchase of individual life insurance by district residents has been substantially restricted by the actions of insurers surveyed. To the extent that the surveyed companies are representative of all companies writing District residents, or that they include a disproportionate number of 'low cost' companies, the market availability is serious for district residents."
>
> The withdrawal of so many insurance companies from the marketplace means that residents of the nation's capital may still purchase insurance, but they do not have the choices of companies and products which were available to them prior to enactment of the law forbidding screening for AIDS antibodies.[xxxi]

One of the earliest and most enlightened statements on the subject from an industry spokesman appeared in an editorial by NALU executive vice president Jack E. Bobo. "In my view, it's time for the insurance industry to use its resources to do significantly more than fight unfavorable legislation," he wrote in his monthly column, "Viewpoint," for June 1987. Noting other difficulties the industry had faced in the past, Bobo asserted:

> Now we are faced with the greatest threat we have ever been challenged by…Therefore, I would propose that the industry commit a minimum of one billion dollars of its own resources to dealing with the problems associated with AIDS. A major part of this funding could go for research to find a cure, which, of course, others are also pursuing. However, the problem has other facets such as education in the prevention of the disease, and a study of the moral and ethical questions that may arise if an epidemic of larger proportions develops.
>
> I am aware that the industry has already contributed several millions for education and other purposes, but the effort so far as been too small and not centrally coordinated. The American Council of Life Insurance has the mechanism to do this job and should give this thought every consideration. One billion dollars is a lot of money and will attract attention—and perhaps even more dollars—from other sectors. As a percentage of our total assets the number is relatively small, particularly when compared to the risk of exploiting all of our assets by doing too little….
>
> Coming to the aid of those fighting AIDS may prove to be our best defense and our greatest service to humanity everywhere. A billion dollars may be a small premium to pay to protect the more than $600 billion of company and policyholder assets.[xxxii]

A survey of 165 companies conducted under the auspices of the American Council of Life Insurance and Health Insurance Association of America revealed that $99.2 million in AIDS-related claims was paid in the first half of 1987. In his address to the national convention the following September Bobo warned, "Human misery aside, our industry in particular is extremely vulnerable to the consequences that could result if this plague goes unchecked. To sit idly by and do nothing while suffering and death mount and economic ruin become a likelihood would be malfeasance of the worst order. To say the least, that is not our style, and so act we must."

After several attempts to develop a policy on the AIDS problem, the NALU executive committee formed a task force to offer recommendations that would reflect the concerns of the associated agents and their clients. Finally, in April 1988 the NALU Board of Trustees issued a comprehensive policy statement. *Life Association News* reported:

NALU's amended policy on AIDS:

- reiterated NALU's policy that companies should be allowed to require statically reliable tests if the results will be used to make responsible underwriting decisions;
- opposes discrimination on the basis of sexual orientation respects the privacy of insurance applicants;
- calls for the notification of policyholders regarding what effect, if any, infection with AIDS will have on their coverage
- supports industry programs for AIDS research, agent education and consumer information; and
- supports reinsurance pools and mechanisms to prevent exorbitant rate increases.[xxxiii]

On the legislative front there was one area where the industry could afford to breathe easier—at least for a moment. "When President Reagan signed the Competitive Equality Banking Act of 1987 on August 10," NALU's general counsel Douds informed the agents, "he was putting his signature on significant banking legislation. The signing of H. R. 27 temporarily brought to an end a struggle between bank deregulation and bank regulation factions that had been going on at a fierce pace for six month or more." He said that the agents could take pride in the success of their grassroots action in getting the law enacted. The importance of the law he explained was that it imposed a moratorium until March 1, 1988, on the approval of expanded insurance powers for banks.

By this time the associated agents were displaying considerable political muscle. In 1987 they contributed $2,148,452 to their political action committee's fund. There was little doubt that congressional candidates were becoming increasingly aware of the NALU's presence in the nation's capital. In July 1988, Austin Adkinson, executive director of the committee, announced the completion of six regional workshops where the organization set its national goal for the year at $2,250,000. At that time contributions were already seven percent ahead of those of the previous year. This enabled the life underwriters' PAC to contribute approximately $1.5 million to political candidates that year. In terms of money raised, it was listed as the eighth largest political action committee representing a trade in the country.

In 1987 the NALU board of Trustees voted to dissolve the Women Life Underwriters Conference. The decision was made at the request of the leaders of the group themselves, who asked that the dissolution take place at the conclusion of the 1987 NALU annual convention. The board had voted considerable sums to help the organization gain wider support on several occasions. The results, however, had been disappointing. "The NALU board had recommended earlier that the WLUC consider affiliation with NALU as a standing committee rather than as a conference," *Life Association News* reported; "however, the WLUC board believes that WLUC can best serve the interests of women life underwriters by becoming a separate and autonomous organization rather than a committee of NALU." The board also approved a recommendation to broaden the NALU's appeal by changing the name of the organization to "The National Association for Life Underwriting." At the convention in Orlando that fall, the WLUC was dissolved. Some if its previous members formed an independent organization known as the Women Life Underwriters Confederation.

However, the proposed name change was defeated by the National Council. Spearheading the opposition to the proposed NALU name change was Brendan E. Adams, the young president-elect of the Central Oregon Life Underwriters Association. His statement expressing surprise that the National Association's leadership would take up their time with such a "trivial and pointless suggestion" as the slight alteration of the name of the organization met with thunderous applause. A standing vote revealed that the necessary two-thirds majority needed for a bylaws change was not there.

It was also at this time that the Executive Committee voted to discard the Association's Liberty Bell emblem. The new logo consisted of no more than "NALU' in Roman capitals set on a plain rectangle and separated by dots. No attempt was made to incorporate the Association's motto or date of foundation as the old emblem had. It was simple, dignified and modern. Many, however, objected not simply to the expense the change necessitated, but to the fact the new logo contained no elements that suggested the propose or nature of the organization. Despite these objections, however, most NALU affiliated quickly adopted the design and the Roman-lettered rectangle soon began appearing on association stationery throughout the country.

In September the NALU announced that its audio-visual department had produced "Rhetoric vs. Reality," a professional quality video tape designed to help life agents conserve in-force business from the wholesale replacement strategy of the Atlanta-based A.L. Williams organization. "Rhetoric vs. Reality" reviews some of the marketing strategies of the A.L. Williams organization, offers company-to-company comparisons of term insurance products and examines A.L. Williams' recommendation to buy term and invest the difference," explained producer

John Phillips. In recommending the production for agent and company use, *Life Association News* quoted Alan Press who was intimately involved in the production:

> "Art William's marketing methods concern me greatly," says NALU secretary Alan Press, CLU, LUTCF, narrator of the video, "but it's not the competition I'm worried about. It's A.L. Williams's tactic of giving the American consumer rhetoric instead of reality."
>
> The 40-minute video contains interviews with leading authorities in the insurance industry, including Indiana University professor of insurance Joseph M. Belth and E.J. Moorhead, past president of the Society of Actuaries and the American Academy of Actuaries.[xxxiv]

The video was widely distributed and received accolades not only for its effectiveness in delivering the message, but also for its high technical quality. In 1998 Phillips won a Certificate of Creative Excellence at the U.S. Industrial Film and Video Festival.

The unveiling of "Rhetoric vs. Reality" attracted a good deal of attention and excited interest from unexpected quarters, as *Life Association News* Associate Editor Steven Sullivan reported:

> Later in the day, after most of the seminars and meetings have ended, and NALU staff member manning the "Rhetoric vs. Reality" display reports an anomalous group of men who just seem to be hanging around. Their NALU badges are conspicuously absent (their explanation—they left them in their rooms), and one is casually aiming his own video camera at the monitor screen.
>
> A little investigation uncovers the obvious: They are A.L. Williams agents doing a little undercover work. Their identity soon draws a crowd and a spirited debate ensues, one that—according to a Williams's participant—is being taped with the video camera under his arm. They soon leave.

The 1987 NALU convention took place on September13-17 at Marriott's Orlando World Center in Orlando, Florida. "For most attendees, the 98th NALU convention…was still the same reassuring mix of business and pleasure that attendees have come to depend on," Sullivan wrote. " Motivation al seminars were available all day long—either at one of the convention programs or on any of the many video cassettes available in the exhibit area," he noted. Arthur Abramson, a twenty-four-year veteran agent with New York Life at New Orleans, became president. A graduate of Loyola University, he had served as a Navy fighter pilot during World War II.

Since the NALU's longtime director of public relations, Marvin Kobel, had announced his retirement the Orlando convention provided an occasion for paying tribute to Kobel's enormous contributions to the agents' organization during the past thirty-two years. Since February 1986 when Denise J. Patton had been named director of NALU public relations, Kobel had devoted most of his energies to producing the NALU conventions. (As a member of Kobel's staff, Patton had served as coordinator of the "Financial Fitness" consumer information program.) At this time it was announced that Kobel would become that the NALU's special consultant on convention planning.

In his address to the convention, outgoing president Woods focused on his efforts to spread the spirit of the Association movement internationally. In the spring of 1987, he and Million Dollar Round Table president Wilmer Poynor had traveled to India and given a series of addresses in various parts of the country concluding with a speech to about two hundred life insurance agents and officers of the Life Insurance Corporation of India in Delhi. Reporting on conditions there Woods told the delegates, "the life insurance industry in India insures about 80 million people, but that's only 10 percent of the population. The average agent earns less than $8,000 per year. The average policy size is under $2,000. Although there are over 300,000 agents in the country the industry is very much like the industry was in the United States in the early 1900's." Noting that his and Poynor's visit was the first official representation of American agents to India, he said he hoped the gateway to new understanding had been opened. "the mission of the life insurance industry around the world is to help people avoid the financial hardship brought on by death, disability, and old age," he reminded the agents. "It is not to make people rich. It is not to create a better spreadsheet. It is not even to protect the inside buildup, although protect it we must and we will….We exist to help people."

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxi]32 LAN, August 1987pp 23-24

[xxxii] LAN, June 1987 p. 12

[xxxiii] LAN, June 1988, p. 27

[xxxiv] LAN, September 1987, p. 45

Voices from the Field

The NALU Combats a New Wave of Attacks

The question of protection versus investment was becoming a crucial issue at this time. In March 1988 the NALU and the Association for Advanced Life Underwriting released a legislative proposal that would significantly limit the amount of cash a policyholder could pay into a single premium whole life policy during the policy's first five years. It was drafted as an alternative to the proposed and much-debated bill before Congress, known as H.R. 3441, which would tax all life insurance policy distributions. Explaining the agents' motives, NALU counsel Danea Kehoe noted:

> There is a widespread perception on Capitol Hill that large amounts (some $15 billion over the last four years) of single premium life insurance are being sold primarily as a tax shelter. There is a much smaller number of people in Congress who are questioning the long-standing tax rules governing loans against—and withdrawals from—all life insurance policies.
>
> NALU believes that current law governing life insurance pollicies is entirely appropriate for regular life insurance policies, but that there is a legitimate concern about life insurance policies, but that there is a legitimate concern about life insurance policies designed and being marketed as a tax shelter. Thus, debate on how to eliminate this unintended use of life insurance is necessary and NALU is a willing participant. However, NALU has no doubt that life insurance is taxed as it should be and any new tax rules should apply only to the kinds of policies that act as tax-sheltered investments. NALU will vigorously oppose any proposal that premises its provisions on an assumption that policy loans, withdrawals and/or dividends should be taxed more harshly than usual income tax principles would dictate (i.e. current law).
>
> NALU is convinced that the appeal of the product to those purchasing it primarily as an investment will be substantially eliminated by requiring that substantially more insurance be purchased per premium dollar.[xxxv]

On March 6, 1988, congressman Dan Rostenkowski of Illinois, chairman of the powerful House Ways and Means Committee, chided the members of the Association for Advanced Life Underwriting, "In 1984, I thought we placed reasonable restrictions on investment-oriented life insurance products. But the enormous growth of single premium policies has called into question the adequacy of the 1984 act. This is a serious issue for the Ways and Means Committee," he emphasized. "We support the favorable tax treatment of life insurance however we will not sit by and allow the law to be abused."

In an effort to reinforce the agents' position, NALU Federal Law and Legislation Committee chairman William V. Irons and NALU Product Tax Task Force member William V. Reagan, III, testified on March 15 before the House Ways and Means Committee's Subcommittee on Select Revenue Measures on the investment uses of life insurance. "We completely oppose H.R. 3441. It would deal a body blow to permanent life insurance while making only a negligible dent in single premium sales," Irons declared.

Discussing these lobbying efforts in an editorial in the June issue of *Life Association News*, NALU secretary Robert J. Wernecke explained that the NALU's strategy had been to concede there was a problem and develop a solution that allowed Congress to stop perceived abuses while retaining current tax arrangements for the majority of life insurance products. "It's not in anybody's best interest to cloak a tax-advantaged investment supported by a minimal amount of death benefit in the mantle of righteousness," he argued. "If NALU fought for a product Congress has already decided to tax, we could find ourselves in the same sad fix as the real-estate lobby—-without credibility," Wernecke concluded. "You and your business are just too important for us to put at risk."

For the sixth year in a row membership in local associations rose in1988 to a total of 137,524. The NALU held its annual convention that year in Dallas. Alan Press, general agent for Guardian Life in New York City, became president of the national organization for the 1988-89 Association year. Press had joined Guardian Life in 1956 immediately after graduating from Columbia College, and was appointed general agent in 1964. His agency was always in the top five of his company's 100-plus agencies. A past president of the New York City Life Underwriters Association and the New York State Life Underwriters Association, he had testified before Congressional committees regarding the taxation of life insurance, the tax treatment of employee benefits plans, and the

deregulation of financial services. He was a frequent contributor to *Life Association News* and other industry publications. The NALU had distributed more than 500,000 copies of a collection of his anti-replacement articles. These articles about A.L. Williams were the basis of the NALU video, "Rhetoric vs. Reality."

That September the NALU announced that a second videotape outlining the replacement techniques of the A.L. Williams organization was ready for distribution. Entitled, "What've You got To Lose?" the fifteen minute videotape and accompanying booklet, which sold for $25. Like its predecessor, it was well received by the field force and attracted the favorable notice of industry observers.

By the beginning of 1989 Press could report to the locals associations that the controversial issue of how to tax single premium life and other investment-oriented insurance products was finally resolved. "The Technical Corrections Act of 1988," he explained, "created a new category of life insurance called 'modified endowments,' which generally are contracts with fewer than seven level annual premiums. Modified endowments are subject to more stringent tax rules than traditional whole life insurance." Noting that this change in the tax code effectively closed down single premium life as a tax shelter, but spared other permanent life insurance products from adverse tax treatment, Press reminded the agents that NALU had worked closely with Congress to see that traditional forms of insurance weren't jeopardized and the new rules would be fair and workable.

The hiring of David E. Hebert, former legislative director for Congressman Jack Buechner of Missouri, in January 1989, gave the NALU a total of nine lawyers. An attorney with experience in health, tax, commerce, and banking issues, Hebert began serving as counsel for NALU on health insurance and benefits. In announcing his employment, Bobo noted that Hebert's addition to the staff "comes at a time when we expect renewed activity in Congress on health care and employee benefits legislation." With Mr. Herbert on board, NALU "will be well positioned to represent the concerns of insurance agents and policyholders on such controversial issues as mandatory health care benefits, long-term care, pension reform, and taxation of employee benefits," Bobo said.

At the same time, Bobo named NALU counsel Roland L. Panneton vice president of marketing and membership services. "In his new capacity," Bobo said, "Ron will oversee field services, awards and membership departments, as well as the overall marketing of NALU's products and services. Ultimately, this will help NALU be more responsive to the needs of insurance agents by providing them with more programs and services to better serve their clients."

Perceiving a need for agent education in specific areas, the NALU during 1988 and 1989 continued developing and promoting the "Pro Series," a group of mini-courses begun the year before with a seminar on selling group insurance. Course outlines and instructional materials were designed to be offered by local associations. Besides "Dynamics of Group Insurance," there was another course titled "AIDS Strikes Home: You, Your Company, Your Career." In October 1988 *Life Association News* announced another addition to the series:

> The National Association of Life Underwriters is offering a new four-hour seminar on "The Agent as Entrepreneur" beginning this month.
>
> Written by the Life Underwriter Training Council (LUTC), the seminar was developed to help agents focus on their career development and to provide concepts, strategies, and tools to assist them in increasing their profitability.
>
> Some of the topic areas include goal planning and implementation, personal income and financial management, support staff, office automation, office procedures, time control, professional image, public relations and advertising, professional practice continuation, business relationships, professional development, and continuing education.[xxxvi]

With an operating budget of about $11 million, the NALU had one hundred and eight employees at its Washington headquarters at this time. Continued extension of services, expanding programs and enlarged staff created pressure for more space. Several years before the District of Columbia Life Underwriters Association had removed its headquarters form 1922 F Street to larger quarters in another part of the city. In 1989 the Life Underwriter Training Council announced a fund-raising drive to purchase its own headquarters. The organization's lease would be up on December 31, 1989. Since the LUTC occupied the entire top floor of the NALU headquarters building Bobo and his staff could anticipate the luxury of greatly expanded quarters.

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxv] LAN, March 1988, p. 20

[xxxvi] LAN, October 1988, p. 63

Voices from the Field

The NALU Celebrates a Century of Service

Since 1987 the NALU leadership had been mobilizing its forces to plan for the Association's centennial year. In September 1988, *Life Association News* began publishing a series of twelve articles on the history of the organization. The Board of Trustees had already authorized the formation of a special centennial committee, headed by former NALU president David F. Woods and including Norman G. Levine, Bart Hodges, Michael C. Keenan, John H. Ward, Thomas J. Wolff, J. Kirke Lewis and Robert J. Wernecke. Naturally, Boston, sight of the NALU's founding, was chosen as the place to hold the 100th convention. In cooperation with the Public Relations Department a centennial logo was produced which appeared on special stationery, t-shirts and other items. In its second attempt to have America's life insurance agents recognized on a postage stamp, however, the NALU was unsuccessful. Meanwhile, NALU president-elect Robert J.; Wernecke, who was in charge of the convention, worked closely with consultant Marvin Kobel, Timothy L. Bigelow, assistant vice president for conventions and meetings at NALU headquarters, and Joanne T. Lawrence, director of meetings, to make the convention a spectacular entry into the Association's 100th year.

Reviewing the development of the NALU in the last fifty years, Holgar Johnson marveled at the NALU's rise to prominence and its remarkable growth through the local associations. He warned, however, that there was danger in becoming so oriented to the political environment that one could lose sight of the real function of the Association, namely to advise the life insurance business and to advance the capacity of the agency force to meet its responsibility to the American people to broaden the use of the institution of life insurance to provide something which nobody else can provide. "I became somewhat concerned," he said, "with this present situation and the fact that we've become so involved in the interest earnings of the reserve that we are defeating to a degree, a function of life insurance. The function of life insurance is to do something, which nothing else can do. That is to guarantee some element of substance if we're not given the opportunity to complete it ourselves."

Focusing on the fundamental nature of the National Association of Life Underwriters and explaining how it was able to achieve so much, Johnson noted that the indispensable element is the shared business interest and common commitment of individuals. "You'll never replace the camaraderie and the close relationships that evolve as a result of being active members of an organization with fellow workers who are trying to raise the level of understanding of the business," he observed.[xxxvii] The thought anticipated the views of others in the industry. Addressing the NALU's 99th convention in Dallas, NALU executive vice president Jack E. Bobo commented, "If I were to give this past year a label, It would be the Back-to-Basics Year. At virtually every meeting I attended this year, and in scores of small conferences, the mood was one of rediscovery of the life and health insurance business and the products that have always sustained it." Looking back fifty years before, he quoted Charles Zimmerman's keynote address to the 1938 NALU convention in Houston:

> For many years the financial horizon had presented only a vast and trackless desert to the man of moderate means; try as he might, alone, to provide a comfortable sense of security for his family and himself, he could not meet adequately the uncertainties of life and death.
>
> Then someone came upon the American scene who began to deal with these uncertainties, and to establish newer, more far-reaching frontiers of financial independence; who helped to crystallize America's sense of democracy; and taught men to overcome the loss of human values.
>
> To the Life Underwriter--Pioneer in Financial Independence, the 49th Annual convention of the National Association of Life Underwriters is dedicated. So long as he continues to instill in Americans the spirit of financial independence, the last frontier will constitute a challenge, not a vanished goal.

"Today, fifty years later," Bobo reminded the agents, "life underwriters are still providers of financial independence. This is particularly true for those of moderate means who still could not achieve it without the basic products of our trade and these services of a professional life underwriter." Exhorting the delegates and industry leaders present to keep faith with these fundamental ideals he concluded, "As NALU prepares to celebrate its centennial and tool up for its second century, let no one say that we lacked vision for the task. When the 1989 statistics are recounted in some future year, let no one say that we were just swept along with the rising tide or that we ignored the needs of society, but rather let them point with pride and say, 'They were the men and women who saw the challenges and helped to

make it Since 1987 the NALU leadership had been mobilizing its forces to plan for the Association's centennial year. In September 1988, Life Association News began publishing a series of twelve articles on the history of the organization. The Board of Trustees had already authorized the formation of a special centennial committee, headed by former NALU president David F. Woods and including Norman G. Levine, Bart Hodges, Michael C. Keenan, John H. Ward, Thomas J. Wolff, J. Kirke Lewis and Robert J. Wernecke. Naturally, Boston, sight of the NALU's founding, was chosen as the place to hold the 100th convention. In cooperation with the Public Relations Department a centennial logo was produced which appeared on special stationery, t-shirts and other items. In its second attempt to have America's life insurance agents recognized on a postage stamp, however, the NALU was unsuccessful. Meanwhile, NALU president-elect Robert J.; Wernecke, who was in charge of the convention, worked closely with consultant Marvin Kobel, Timothy L. Bigelow, assistant vice president for conventions and meetings at NALU headquarters, and Joanne T. Lawrence, director of meetings, to make the convention a spectacular entry into the Association's 100th year.

Reviewing the development of the NALU in the last fifty years, Holgar Johnson marveled at the NALU's rise to prominence and its remarkable growth through the local associations. He warned, however, that there was danger in becoming so oriented to the political environment that one could lose sight of the real function of the Association, namely to advise the life insurance business and to advance the capacity of the agency force to meet its responsibility to the American people to broaden the use of the institution of life insurance to provide something which nobody else can provide. "I became somewhat concerned," he said, "with this present situation and the fact that we've become so involved in the interest earnings of the reserve that we are defeating to a degree, a function of life insurance. The function of life insurance is to do something, which nothing else can do. That is to guarantee some element of substance if we're not given the opportunity to complete it ourselves."

Focusing on the fundamental nature of the National Association of Life Underwriters and explaining how it was able to achieve so much, Johnson noted that the indispensable element is the shared business interest and common commitment of individuals. "You'll never replace the camaraderie and the close relationships that evolve as a result of being active members of an organization with fellow workers who are trying to raise the level of understanding of the business," he observed.38 The thought anticipated the views of others in the industry. Addressing the NALU's 99th convention in Dallas, NALU executive vice president Jack E. Bobo commented, "If I were to give this past year a label, It would be the Back-to-Basics Year. At virtually every meeting I attended this year, and in scores of small conferences, the mood was one of rediscovery of the life and health insurance business and the products that have always sustained it." Looking back fifty years before, he quoted Charles Zimmerman's keynote address to the 1938 NALU convention in Houston:

For many years the financial horizon had presented only a vast and trackless desert to the man of moderate means; try as he might, alone, to provide a comfortable sense of security for his family and himself, he could not meet adequately the uncertainties of life and death.

Then someone came upon the American scene who began to deal with these uncertainties, and to establish newer, more far-reaching frontiers of financial independence; who helped to crystallize America's sense of democracy; and taught men to overcome the loss of human values.

To the Life Underwriter--Pioneer in Financial Independence, the 49th Annual convention of the National Association of Life Underwriters is dedicated. So long as he continues to instill in Americans the spirit of financial independence, the last frontier will constitute a challenge, not a vanished goal.

"Today, fifty years later," Bobo reminded the agents, "life underwriters are still providers of financial independence. This is particularly true for those of moderate means who still could not achieve it without the basic products of our trade and these services of a professional life underwriter." Exhorting the delegates and industry leaders present to keep faith with these fundamental ideals he concluded, "As NALU prepares to celebrate its centennial and tool up for its second century, let no one say that we lacked vision for the task. When the 1989 statistics are recounted in some future year, let no one say that we were just swept along with the rising tide or that we ignored the needs of society, but rather let them point with pride and say, 'They were the men and women who saw the challenges and helped to make it

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxvii] Johnson: Interview, May 1985

Voices from the Field

Issues and Accomplishments of the First 15 Years

Part 2

The Philadelphia delegation wielded considerable influence at the Chicago convention. Not only was Philadelphia selected as the site of the next annual meeting of the national body, but the group's leader, Everett H. Plummer, was elected president of the NALU.

Plummer called a meeting of the Executive Committee on March 20, 1895, at the Shoreham House in Washington, D.C. Sixteen members attended. A committee was formed, with Plummer acting as chairman, to devise a plan for securing an agreement between the life insurance companies and the National Association to put an end to rebating. The compact proposed that the companies pledge neither to engage nor retain agents guilty of rebating. For its part, the NALU, through its membership in local associations, was to pledge its full support and cooperation to enforcing the terms of the agreement. During the ensuing weeks Plummer spent considerable time making the rounds to company home offices. Most quickly gave assurance of their willingness to sign "as soon as the Big Three did."

Years later—just before his death in 1918—Plummer told a later NALU president, Charles Scovel, of one experience at the New York office. The incident tells us as much about Plummer's character as it does about the extent and bitterness of company rivalry at the time. As Scovel related the story:

> You should have heard Mr. Plummer telling me...about the reception he got from a former executive of one of the Big Three, on showing him the anti-rebate contract. Having read just far enough to see that it was something for him to sign in concord with his hated rivals—he flushed purple and flung it on the floor! "I was white as a sheet," said Mr. Plummer, "but I managed to hold in while I picked up the paper and told him, with freezing politeness, that he could reach me at the hotel if he wanted his company to appear with all the rest, and then got out of the door. Within two hours his messenger came, asking me to return; but," and the dear fellow chuckled reminiscently, "I replied that the association had come to him once, and now it was his turn. He came!"[xi]

"By sheer personal force," Scovel added, "the plucky young president got his contract approved by the three giant companies."

Meanwhile, pressure had been mounting from other quarters and events soon overtook Plummer's scheme. Proschansky tells what happened:

> A new development, however, gave pause to the NALU. George S. Merrill, Insurance Commissioner of Massachusetts, had sent out a circular letter on September 4, 1895, to every life insurance company doing business in Massachusetts, asking them to form a committee, consisting of an executive officer of each company, with adequate financial contributions to ensure that such committee would be enabled to investigate and prosecute any violation of the anti-rebate laws. As a result of the replies received, Commissioner Merrill called a meeting of life insurance companies in New York City on October 12, 1895, at which an anti-rebate agreement was signed by thirty companies, including the Big Three.
>
> It was agreed that a referee would be appointed to investigate any charges of rebating preferred against a company or agent. Any company party to the agreements promised to dismiss an agent found guilty by the referee of rebating; he was not to be employed by any of the signatory companies for at least one year after such conviction. The referee was also empowered to bring to the attention of the proper state authorities situations involving criminal violation of its anti-rebate laws. A fund of $10,000 was made available by the companies to meet any expenses involved in the implementation of the anti-rebate compact. This fund was to be continuously maintained by assessment on the companies.[xii]

William E. Russell, former Governor of Massachusetts, agreed to act as referee for the companies.

When the delegates convened in the New Century Drawing Room in Philadelphia a few weeks later for the NALU's sixth annual convention, Plummer recommended that in the face of this development, the NALU withdraw its proposed agreement with the companies and endorse Commissioner Merrill's anti-rebate compact. "The National Association," he declared, "stands ready...and the companies can rely upon its earnest support in making the agreement effective." If Plummer ever felt uncertain abut the local members' support of his efforts, it was soon dispelled. "The president's address," the recorder commented, "was listened to with the closest attention. During its delivery he was frequently interrupted by applause, and at its conclusion was loudly cheered."

Considerable debate followed the reading of the compact. Some objected that it was impossible to enforce, arguing that the only way to eliminate the practice was to hire agents of good character in the first place. In the end, however, the agents voted to support its stipulations. The Executive Committee was assigned the task of carrying out the Association's pledge of cooperation.

Plummer also touched on matters of a personal nature in his message to the delegates. "For the first time in the history of this association," he said, "it becomes our duty to record the death of two members who were prominently identified with this association movement. This association has lost an earnest, conscientious, faithful and loyal member, one who loved and believed in mankind." Speaking of Ratcliffe, the NALU's first treasurer, Plummer said, "He was faithful in the discharge of his duties, and so won the confidence and esteem of his associates that he was elected to the office for four consecutive years."

The delegates elected Eli D. Weeks of Litchfield, Connecticut, to replace Ratcliffe. "Uncle Eli," as he came to be known, retained this office until 1913. He was eighty-two when he resigned.

The principal speaker of the morning was Samuel R. Shipely, president of the Provident Life and Trust Company of Philadelphia. (This marked the first instance of a company president formally addressing a business session at an NALU convention.) In view of the events of the last several weeks Shipley's topic was singularly appropriate. He spoke of the Ideal Life Insurance Company," which he defined as one that "performs most perfectly the functions involved in the collection, the proper use and the right distribution of monies paid into it by its policyholders.

"We must assume," he said, "that it conducts its business on a somewhat altruistic principle. The distinctly selfish view can have no place in such a company as we imagine. The generous and manly recognition of the rights of all who do business with it must be uppermost."

Shipley insisted that both the officers and the agents must be people of high moral character. "Only men of blameless lives are fit for office of trust," he declared. "Everyone associated with the company, from the agent who initiates the business to the highest official, must have so borne himself as to have earned the approbation of his fellowmen. It must be admitted, we think, that the agent bears no small part in the work of building up the company and of earning for it the reputation to which it aspires. If he be a manly and right-minded man, he can do nothing which will not serve to make character: character for the company which he represents as well as character for himself. His statements, both concerning his own company and its rivals, will be truth itself."

For formality and splendor, the closing banquet in Philadelphia must have been the most elegant one ever given at an NALU convention. Held in the banqueting hall of the Continental Hotel, it was attended by about 250 delegates and guests. "Hundreds of electric lights and candles entwined with and shaded by masses of flowers diffused a soft glow over the tables," the reporter noted. A string orchestra played throughout the dinner, which was a splendid one, offering such delicacies as Lynn Haven oysters, clear turtle soup and grilled Spanish mackerel.

Among those contributing to the intellectual part of the feast was the prominient Philadelphia merchant, John Wanamaker. Alluding to claims that he was the largest policyholder in the country, he said that he purchased his sixty-two policies over the years because he realized that life insurance "enabled a man to give away all he wished during his life time and still make such an estate as he cared to leave."

Ben Calef succeeded Plummer as president of the NALU. When the National Association met for its seventh convention at the Arlington Hotel in Washington, D.C., on October 7-9, 1896, the delegates chose David S. Hendrick of Washington as president for the 1896-97 term. Although several sites were considered for the next convention, including Nashville, Indianapolis and Cleveland, Milwaukee was ultimately selected.

On the first afternoon of the convention, members enjoyed an excursion down the Potomac to Mount Vernon and Marshall Hall. For many the experience was as much a pilgrimage as a pleasure trip. In the "Preface" to the *Proceedings*, the reporter commented, "The associations, which this trip brought to those delegates who had not visited Washington since the war, will not soon be forgotten." The reference to events occuring thirty years before is another reminder of how many of the NALU's founders were veterans; officers who received their commissions

during the Civil War.

It was at this convention that William H. Dyer proposed the adoption of Reed's Parliamentary Rules for governing the NALU's proceedings. Thomas B. Reed, Republican congressman from Maine, was an acknowledged authority on parliamentary procedure. As speaker of the House of Representatives he had distinguished himself for his brilliant and impartial management of the House. Rarely outmaneuvered, few members risked challenging his authority. "Czar Reed", his enemies called him. (Reed, incidentally, had accepted the post of referee for the insurance companies' anti-rebate compact in July after the death of William Russell, the original referee.)

The NALU had need of Reed. It was not that the members had become less courteous; the meeting had simply become unwieldy with the growth in membership and the increasing number of controversial issues demanding attention. With so many delegates attempting to have their say on every question, confusion about precedence and procedures was unavoidable.

Expedience demanded that the NALU find some way to conduct business with more dispatch and fairness.

Though they might express themselves in the politest of terms, the delegates sometimes encased sharp verbal instruments in their formal debates. There arose an awful tempest-in-a-teapot over a point of local prestige the year before at the Philadelphia convention when Dyer proposed a resolution to make Robert L. Douglas an honorary member. Promptly seconded by Collin Ford of Cincinnati, this resolution was the opening shot signaling the long campaign waged by the Cincinnati Association to gain recognition as a pioneer in the life underwriters association movement. While it was true that an association existed in Cincinnati prior to the founding of the Boston Association, it had failed to endure. Moreover, the re-formed Cincinnati Association had not taken part in the organization of the National Association in 1890.

In any case, Dyer's resolution did not set well with Ashbrook who opposed any move that would detract from the preeminence of the Boston Association and Colonel Ransom. Evidently, he and most of the founders of the NALU regarded Cincinnati's pretensions as having little merit. "Honorary membership in this association," he protested, "is the greatest distinction which it can confer, and it ought always to be done with deliberation by my friend, Mr. Dyer... But on the presentation of a name previously utterly unknown, for us to proceed to act on it would establish a very bad precedent for the future."

Since Ashbrook was a member of the Executive Committee, but not a member of the Philadelphia delegation, Dyer countered by questioning his right to interfere in this way:

> If I understand the situation of affairs here, this is a convention of delegates from the different local associations, and no man, excepting a delegate from a local association has any rights upon this floor—no right to speak, no right to make a motion, no right to be heard on this floor, except by the courtesy of the convention, and I do not understand that the gentleman who made this motion is a member in any sense of this convention...

In his sarcastic response to Dyer's attack, Ashbrook's indignation is unmistakable:

> I hope the point of order made by Mr. Dyer will be met. I am interested in that. I had supposed that I was a member of this convention. The president of this convention is not a delegate under the new definition—the remarkable definition with which we have been honored by Mr. Dyer; the secretary is not a member of this association; the treasurer is not a member of this association; the members of the Executive Committee are not members of this association; and the president, vice-president, secretary, treasurer and members of the Executive Committee are intruders here and have no place in this hall unless they are permitted through courtesy to remain. Why let the issue be dodged? I protest Mr. Dyer's point must be met. If, after having given valuable time for years without a selfish purpose, to promote the interests of this association—as I supposed in an official capacity—I have no right to a seat upon the floor, I have no right to be heard, I am going to be informed of it. Mr. Dyer raises a very interesting point.

This evoked prolonged applause. But Dyer pursued his point for a moment longer. "I have never read a line that gives the Executive Committee a right to this floor," he said. "God knows they have got rights enough! We cannot do a thing unless they say so. They have got it all in their hands."

Elaborating on his reasons for proposing the resolution, Dyer continued:

> I did not raise this question, Mr. President, out of unkind feelings towards Mr. Ashbrook or the

> Executive Committee. But Mr. Ashbrook showed a lamentable ignorance of current affairs when he said he did not know of Robert L. Douglas, that nobody knew of Robert L. Douglas, that nobody knew of the Cincinnati Life Underwriters' Association, that nobody knew of the Ohio Association. Those associations...did work that this association has never done, and held meetings that this association has possibly equaled but never surpassed...It is because of what Mr. Douglas did... and not because he was or was not acquainted with Mr. Ashbrook, that I brought this matter before this meeting. However, I rather regret that I called up the question of Mr. Ashbrook's right to make a motion. I rather regret I made the point of order. I did it rather hastily. I would rather withdraw it than have any contention in the convention.

Throughout this exchange, Plummer remained unperturbed. Waiving aside the constitution question of the officers' right to participate in conventions, he suggested Dyer's resolution be disposed of immediately by a simple majority vote. The motion was defeated—with one dissenting vote.

But this expedient proved only temporary. The issue flared up again later when James T. Phelps of Boston said, "The name, offered in good faith...should have fair consideration." Plummer explained that there was no provision in the constitution for naming honorary members, Ransom having been given that distinction by special dispensation. Ashbrook reiterated Plummer's view: "There is no provision whatever in the constitution for the election of an honorary member, and in order to elect Colonel Ransome it was necessary to amend the constitution. It was done at the first convention in Boston. I had the honor to propose the name of Colonel Ransom on that occasion."

At this juncture, William Tolman of Pittsfield, Massachusetts, said he believed they were all being entirely too rigid in the matter. "I claim, sir, that this house of representatives of the insurance interests and the insurance men of the United States of America," he declared, "have a right now to elect twenty-five men...and place them on the honorary list, without any amendments to our constitution. I wish to state that our whole action in regard to the election of Mr. Douglas this morning was altogether unparliamentary."

Thomas H. Bowles of Milwaukee probably reflected the general impatience with the discussion when he observed at this point,

> I have no prejudice in this matter; I do not know the gentleman. I only rise to ask for a bit of information. It was always my understanding that Father Ransom of Boston was the founder of these associations. [Great applause.] If I am not correct and the honor belongs to Mr. Douglas, or Mr. Smith, or Mr. Jones, or somebody else, I would be more than happy to vote for the man who merits this distinction, and I would ask that the chair, or whoever is familiar with the history of these organizations, give me the information on this point, whether Mr. Ransom is the founder or someone else.[xiii]

Sitting there with his long beard stretching almost to the waist, Ransom, during the entire debate, said nothing. Finally, it was agreed to leave the matter to the Executive Committee and the issue was dropped.

By the time of the Washington convention it became obvious to everyone that a rift was developing within the NALU. Leading the opposition was Dyer; Ashbrook seemed destined to become the spokesman for the establishment. When Dyer proposed the adoption of Reed's rules, Ashbrook again offered opposition. "Mr. President," he said, "I hope some strong school for teaching parliamentary practice."

Ultimately, Dyer got his way. However, If the association leaders thought adopting Reeds Rules would appease the disaffected delegates and stifle criticism, they faced disappointment. Another dispute arose over the manner of electing officers. Some insisted that names be submitted to a nominating committee beforehand, as had always been done. But D.B. Shideler, an Indiana delegate, asserted that one ought to be allowed to make nominations from the floor. Ashbrook then argued at length on the merits of having a committee to handle nominations, pointing out that this method of choosing officers was both efficient and fair, since the committee was composed of representatives from all the associations. Even under the present system, he said there had been a regrettable amount of electioneering. "I am very much afraid," Ashbrook cautioned, "that the plan proposed by the gentleman from Indiana will have the effect of involving us in confusion and adding greatly to the excitement...

"The gentleman has given no reason why we should depart from a practice which has worked successfully since the foundation of this association. It has all the force of powerful precedent. It is incumbent upon him to give this association some very weighty reason indeed why we should abandon it," he concluded.

The debate dragged on. In the end twenty-two delegations voted against Shideler's amendment; two voted for it.

The growing discontent with how the national association was being managed became more apparent when the delegates convened in Milwaukee on the morning of September 15, 1897. This was the convention that Ransom chose to distribute his paper on the "Original and Growth, Presented Future of Life Underwriters' Associations." In recounting the history of the NALU's first meeting in 1890, Ransom took occasion to defend the wide discretionary powers of the Executive Committee:

> An important feature of the convention was the work performed by the committee on the constitution and bylaws, consisting of Messrs. Joseph Ashbrook, C. H. Ferguson, Gilford Morse, J. F. Huntsman, M. Early, George P. Dewey and E. A. Spencer. The committee expended a vast amount of labor in preparing this document, realizing how closely it would bear on the future of the association. It was intended to provide an organization which would allow freedom of discussion on topics pertaining to agency work, rather than create machinery for useless legislation. In drafting Article 5, which in recent years has occasioned so much discussion by parties having little or no interest in the affairs of the association, it was intended to impose upon the Executive Committee, which it was supposed would be composed of the best representative men in the national body, the labor of considering the merits of resolutions and propositions presented at conventions, with a view to saving the time of the delegates from useless discussions of measures productive of no good, leaving, however, in the hands of the association itself, the right at any time to call up any question for immediate discussion without reference to the Executive Committee. The wisdom of this article has been verified in numerous instances.[xiv]

Ransom had good reason to take so defensive a stand. As Proschansky points out, "There was deep rooted dissatisfaction with the manner in which the affairs of the organization were conducted.... It was felt, and increasingly expressed by many critics, that the machinery of the NALU was conducive to undemocratic methods in running the organization. Charges were made that the central body was dominated by alleged cliques..., more interested in playing politics and in junketing than in genuine reform of the demoralizing marketing practices then in vogue.

"As the decade rolled on, the criticism became more and more intense, the critics more and more numerous. The most frequent object of criticism was the Executive Committee which, through Article 5 of the constitution and bylaws, had been entrusted with large powers. The following portion of the article created the most controversy:

> The Executive Committee shall first consider all business presented, and shall report upon the same and unless by a vote of the association, all propositions, resolutions and other business relating to the future action of the association shall be first referred to the Executive Committee without debate.

"Reflected in the mounting criticism of the Executive Committee was a notion that the large eastern life insurance companies were governing the actions of the NALU through the men in their employ who were on the Executive Committee and who served as officers of the association. ...Ransom, the so-called 'father' of the NALU, understandably enough, could not remain idle while his offspring was under such savage fire. ..."[xv] Although the hierarchical structure of the NALU remained intact, as Prochansky notes, Ransom failed to forestall the attacks:

> At the 1897 convention, William H. Dyer, an outspoken delegate from Boston, offered a resolution amending Article 5 to eliminate the necessity of referring business propositions and resolutions to the Executive Committee. The committee was reluctant to yield any of its extensive powers and empowered Ben Williams, its chairman and one of the original organizers of the NALU, to issue a statement that it would be "inexpedient" to make any change in the article, since it was claimed that ample opportunity was afforded for immediate consideration of any matter coming before a convention. A majority vote by the members was all that was required to effect this. The subsequent defeat of the resolution certainly did not make for greater harmony among the members. It may well have been the deciding factor in inducing some of the delegates to leave the ranks of the NALU.[xvi]

The conduct of elections that year provoked further criticism:

> The spirited contest for the presidency in 1897, in which Thomas H. Bowles of Milwaukee was the successful candidate, also was productive of controversy in regard to the methods employed. Those critical of the NALU cited it as an example of the alleged electioneering methods that were deemed unseemly and undignified. The Chicago Life Underwriters' Association, at its monthly meeting on October 28, 1897, adopted a resolution calling for an end to political wire-pulling in the filling of high offices in the NALU.[xvii]

Agents in Philadelphia passed a similar resolution deprecating all "quasi-political or electioneering methods in securing a choice of officers...of the national association." In seconding the motion to hold the next NALU

convention in Minneapolis, William Scott, president of the Philadelphia association, took occasion to comment on the "spirited contest":

> We have all heard the past year of strife that has been made for the honorable position that has been filled this morning by this convention. ...We admire the men who made the fight, but we deprecate the methods, because it lowers the standard of this national association, and we beg of you that you will not present any candidate for the presidency at our next annual convention. Let...the position be open at the time and let the office seek the man, rather than the man the office, [Applause.][xviii]

Part 1

Part 2

Part 3

Part 4

Part 5

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xi] LAN, November 1918, p. 148

[xii] Proschansky, Op.cit., pp. 125-126

[xiii] Cf Proceedings, 1897, pp49-53 and 62-65

[xiv] Proceedings, 1897, pp. 35-36

[xv] Proschansky, Op. Cit., pp. 141-143

[xvi] Ibid.,p. 148

[xvii] Ibid., p. 144.

[xviii] Proceedings, 1897, p. 138

Voices from the Field

Issues and Accomplishments of the First 15 Years

Part 4

Another innovative note struck at this convention was William Scott's idea of having extempore speeches by various members on topics of general interest. These "five-minute talks" became a regular feature of early conventions. "Our programme is generally made up without any allusion to the large number of delegates who are here with a great desire to participate," Scott commented. "We are too modest to get up and talk on the subjects as they are presented, and I propose to offer a suggestion...to those who get up the programme in the future," he said, "that they allow one afternoon, say, just for five-minute talks from everybody on subjects that we are all interested in...."

The second day of the convention was devoted entirely to a trip to Niagara Falls, Victoria Park and Queenstown in Ontario. Returning to business the third day, the delegates chose the scholarly-looking James L. Johnson of Springfield, Massachusetts, to succeed Cochran, and Register was again made chairman of the Executive Committee. Meanwhile, a luncheon was provided "for the visiting ladies" at the 20th Century Club and a theatre party was formed for the early evening. This still allowed them time to get to the banquet hall at the Ellicott Club to hear the after-dinner speeches at the close of the convention.

Among the speakers that evening was Henry C. Lippincott who took the various state governments to task for their misguided supervision of insurance practices and taxation of companies. Emphasizing the need for wider understanding of the business, he said, "That life insurance is not understood is made manifest at every session of the legislature in almost every state. Well-meaning men, looking to the improvements of business and, with the best possible intention, introduce harmful measures." Enlarging on this point, Lippincott told the agents:

> This must be ascribed to ignorance, to mistaken conception in the nature of the business. Legislators with rare exceptions regard the companies as money-getting machines, virtual monopolies exercising tremendous power. They look at one thousand millions of assets, every dollar of which, is as we know, necessary to meet all present and future liabilities, as so much wrung from the insurer in excess of what is required. They ignore entirely the relation of the members of the companies. To them the company is one thing, the membership another. The company is something standing apart and, with a despoiling hand, filching from the insured 'all the traffic will bear.' The legislative opinion is the public opinion. They share the public opinion and are the reflection of it. The confusion of thought is such that they do not realize that a tax upon a life insurance company is a tax upon the members who compose it, being just so much added to the cost of their insurance.... Failing to realize this, and understanding as little of the effect of taxation in general they regard the taxation of a life insurance company as meritorious, and do not hesitate to levy extraordinary tribute from funds which are in their very nature sacred trusts, mainly designed for the widow and orphan.[xxxii]

With these sentiments Lippincott naturally won the applause of his hearers. So did A.S. MacGregor, spokesman for the London, Ontario, Life Underwriters Association, who stressed the affinity between agents in the United States and their neighbors in the Dominion.

By December 1899, the anti-rebate compact expired. Reed's election as a trustee of the New York Life disqualified him from service any longer as referee. As company after company followed the Equitable's lead, the machinery set up to enforce it completely collapsed. In a last-ditch effort, E.W. Christy, secretary of the NALU, sent a letter to the secretaries of all the associations urging them to notify the companies of their support for the formation of a new compact, or a revival of the old one. But it was too late. The compact ended with the century. To stimulate more interest in the organization, Johnson continued Cochran's program of visitations to local associations. During this year in office he met with the leaders of sixteen associations, traveling as far north as Portland, Maine, as far south as Richmond, Virginia, and as far west as Chicago. By the end of his term of office, Johnson was able to report that nine associations had been formed, and five of them had joined the NALU. The four largest associations at this time were New York City (146 members); Chicago (99); Boston (78) and Philadelphia (64).

Register presided at the meeting of the Executive committee on April 23, 1900, at Haddon Hall in Atlantic City. Much of the time was given to planning the next convention. The site selected was the resort town of Saratoga Springs,

New York, where there was no local association. This decision had apparently been reached before the members' departure from Buffalo. In July 1899, the Western Underwriter informed its readers: "' A place of meeting for the next convention will probably be selected remote from large centers, and the feature of lavish entertainment at the expense of local associations abandoned. This will give more time for business, and will satisfy the desires of a great many delegates who, while enjoying the entertainment, are often disappointed with the meager results reached in the line of discussion and action."

"The new departure," Register explained in his annual report, "imposed on your committee much detail work, which on former occasions was managed so successfully by the local association." Certainly the members of the various subcommittees had their work cut out for them. Among other matters dealt with at the meeting were the topics for the five-minute talks and the prize essays, the rules governing the contest, and the arrangements for notifying the local associations of these decisions. Also, the committee on transportation secured railroad rates of one and one-third "on the certificate plan," Register reported.

At this fashionable watering place, the center of the social life of the 1900 convention was the United States Hotel. Everything was compressed into two days, the 11th and 12th of September. According to the "Preface" of the *Proceedings*, allowing delegates to act as their own hosts instead of being guests of some local association was very satisfactory. "Saratoga proved to be an ideal place in which to try the experiment and the members thoroughly enjoyed the innovation. The attendance was large and the spirit of good fellowship much in evidence."

Once again Philadelphia supplied the national organization with a president. "The election of I. Layton Register as president," the recorder observed, "was a forgone conclusion, his long and active service in the interests of the association making him the natural candidate.' In presenting him to the convention, retiring president Johnson mentioned that Register was one of the organizers of the NALU. "No truer hand was ever placed upon the organized forces of this national body for its operation," he said, describing Register as "faithful, true, invaluable, a successful underwriter, and with all, a gentleman." Register was highly respected, both socially and in business circles. A founder of the Philadelphia Association and one of the city's leading citizens, he was a member of the Union League, an elder of the Second Presbyterian Church, a thirty-second degree Mason and a director of the Bank of Commerce. He had been associated with the Equitable Life Assurance Society since 1863, just four years after the company was established. For years his agency had been the Equitable's largest. Asserting that he was "worth a million and a half" in the early 1880s, Henry B. Hyde said that Register made more money than any agent he knew of.[xxxiii]

In 1900, he presented an imposing, if somewhat austere figure. His heavy eyebrows emphasized a penetrating stare, and enormous gray sideburns extended to meet a walrus moustache. His thinning close-cropped hair revealed a dome-like forehead. Responding to Johnson's introduction, Register observed, "I have been actively engaged in this congenial business for forty years. It is therefore my life work and I love it; and yet I regard that which you have done today as the crown in my insurance career. To say that I thank you for this mark of confidence sounds commonplace. I would like to frame my appreciation in kindlier words, for with your indulgence and cooperation I will endeavor to measure up to your expectations, and if I can follow out the lines so ably laid out by my predecessors, ... I shall be content."[xxxiv]

At this convention the NALU made further efforts to curtail rebating by asking the companies to insert in policy contracts a clause making it void if the assured failed to pay the first and all subsequent premiums in full.

In his opening address to the convention, Johnson proposed inaugurating a department of instruction. "In such a department," he said, "should be taught, by experts, the 'Elementary Principles of Life Insurance,' 'Theory and Practice of Field Work,' 'Ethics of Life Insurance,' and whatever else experience shall prove desirable. Instruction should be conducted along general lines irrespective of companies, so that it shall be mutually helpful to all solicitors, general agents and managers."

He also proposed the formation of a bureau of reference, which would possess "information regarding character and ability of all agents within the jurisdiction of the association, for the protection of general agents and managers." Besides urging continued warfare against rebating, he asked the delegates to consider ways of eliminating the "curbstone broker" and the "twister." In addition, Johnson suggested that they give some attention to the question of when negotiations with agents under fellow agents or managers are proper.

One cause of disappointment at this convention was the absence of Colonel Ransom who (for the second time) was too ill to attend. Before reading Ransom's telegram of regret, Johnson said, "We feel the loss of the presence, the cooperation and inspiration of one who is well known as the father of the life underwriters' association."

Among those who read papers at this convention was John M. Holcombe, vice president of the Phoenix Mutual Life Insurance Company. His subject was historical, tracing the development of life insurance from its origins to the end

of the nineteenth century. Modern life insurance, he concluded, owed its direct origin to two events that occurred in England during the eighteenth century: (1) the publication of Dr. Price's mortality table and; (2) the petition submitted by the promoters of the Equitable Society for a royal charter in 1757, during the reign of George II. It was this document, Holcombe asserted, that first defined the limits and purposes of a life insurance company. Quoting the petition, he proceeded to explain its significance:

"That great numbers of His Majesty's subjects, whose subsistence principally depends on the salaries, stipends and other income payable to them during their natural lives, or on the profits arising from their several trades, occupation, labor and industry, are very desirous of entering into a society for insuring the lives of each other, in order to extend after their decease the benefit of their present incomes to their families and relations, who may otherwise be reduced to extreme poverty and distress by the premature death of their several husbands, fathers and friends, which humane intention the petitioners humbly apprehend cannot be effectually carried into execution without His Majesty" royal authority to incorporate them for that purpose."

"Let those of us upon whom circumstances have placed the duty of framing plans of insurance, and those whose lives are devoted to presenting these plans to the public, carefully consider whether this declaration does not set forth all that is legitimate in life insurance. The banker has his own proper sphere, and without him the world of today would not transact its business. The capitalist invests his funds in that enterprise which promises the largest returns. The life insurance man should not seek to invade these fields. He cannot make profits in business by the use of the capital placed in his charge, for his funds are sacred and must not be subjected to the risks which attend ordinary commercial transactions, and they must, moreover, be available for the payment of the contracts he has undertaken to fulfill.

No one plan will meet the varied requirements which spring from the complex life of today, but in every policy let there stand forth clearly and unmistakably the sentiment contained in the petition which was, more than a century and a half ago, presented to the ruler of the people who make possible our own success and who today stands nearest to us of all the nations of the earth.[xxxv]

His listeners apparently found little to quarrel with in Holcombe's thesis. When he had finished, George A. Cantine, a delegate of the Hudson Valley Life Underwriters' Association, said, "I move you, sir, a vote of thanks to Mr. Holcombe for his clear, able and concise paper, and I hope that every insurance paper throughout our national commonwealth will publish it in full." The motion was seconded and carried by a rising vote. It is interesting to note that, while the borders of the life insurance business are comparatively more expansive today—and perhaps less clearly defined—the fundamental distinctions drawn by Holcombe remain viable and accurate.

William Scott's innovation, the five-minute talks, excited interest as well, though some complained that the Executive Committee should allow more freedom in the choice of topics. The initial subject for discussion was "Mental Force in Life Insurance." Not as many got to speak, however, as was originally planned. "Owing to the extreme heat," the session dismissed early.

On September 8, 1900, a terrific hurricane struck the coast of Texas, killing 6,000 people. In Galveston alone, 5,000 died when a tidal wave swept over the city. Understandably, this tragic news was very much on everyone's mind. The subject came up repeatedly during the sessions, always with proposals to send money to aid the victims' families. No definite steps were taken, however, until the final moments of the convention when Col. John W. Vrooman, a delegate from New York City, said, "I feel we cannot afford to adjourn leaving a record such as we have made regarding the Texas sufferers." His motion called for sending $100 from the NALU treasury to the governor of Texas. Corchran, Bowles and others, however, felt such a gesture—no matter how laudable—-would set an unwise precedent. Eventually everyone agreed it would be best to raise the money from individual contributions. The total collected was $705.

Since there was no local association president to act as host, former NALU president Charles H. Raymond served as toastmaster at the banquet on the evening of September 12. The principal speaker of the evening was James W. Alexander, president of the Equitable, who told the agents that he considered them the ones in the business who determine public opinion. "You are 'the people' so far as life insurance is concerned," he said. "What you say generally goes. You mold the character and method of the management of the companies. We cannot get along without you and we don't want to."

Assuring them of his unswerving opposition to rebating and other unsavory practices that marred the image of the business, Alexander concluded by asking the members to join him "in having a high ideal in this business and in endeavoring to look up to it. Let us endeavor, let us determine to eliminate from our business all that is base, unworthy, that is vulgar; let us stand on principle." Other speakers carried the festivities far into the evening. It was well after midnight when they all left the dining room and returned to their rooms.

Later that morning when the new officers met for the first time, they took up Johnson's proposal, "requesting our life companies to consider the advisability of inserting in their policy contract a provision making such policy null and void in case the insured does not pay the first and subsequent premiums in full." The task of presenting the idea to the company heads fell to Register. Thirteen companies responded, but all declined to act on the suggestion. Register and the others seemed to take the rebuff philosophically, consoling themselves that at least their recommendation showed the companies that the NALU was in earnest about eliminating rebating.

One of Register's first acts as president was to seek the endorsements of all the presidents of the life insurance companies for the association movement. His letters, outlining the purpose and nature of life underwriters associations, elicited very positive responses which Register arranged to have published in insurance journals. The letters were also printed in pamphlet form and widely distributed. In addition, he sent copies of insurance journals featuring highlights of the Saratoga meeting "to 500 managers in important places where no association existed." These mailings included a letter asking the recipient's support in forming an association in his locality.

When Congress met in December of 2000, circulars were sent (at Register's expense) to managers throughout the country making an appeal for the abolition of the revenue tax on policies. Register commented in his report to the 1901 convention:

> It is believed that the effect of this circular, in conjunction with the effort of the fire underwriters, and... the approval of the National Association, had some share in creating a strong sentiment in favor of repeal and that the sentiment had due weight with the senators and representatives. Now that the war tax has been repealed we can all rejoice that life companies have received the same considerate treatment as savings banks that were not taxed.[xxxvi]

Besides conducting these mailing campaigns, Register spent a considerable amount of time in railway coaches, visiting as many associations as possible. In the same report, for instance, he mentions attending "the dainty breakfast given by the New England Women's Association in Boston last winter." This is a reference to his being entertained, along with Stephen F. Woodman of Boston (chairman of the NALU Executive Committee that year) by this group at the Parker House in November 1900.

The results of Register's efforts were extremely gratifying. As Woodman later reported:

> Your president has devoted extraordinary fertility of resource, constant thought, and unremitting effort to the maintenance of the advance movement so well inaugurated by his predecessors. By stirring circulars, personal visitation, and inspiring speech, he has sought to stimulate the faithful to new zeal and to arouse the indifferent to action. The reward of his fidelity has been a quickened enthusiasm in existing associations and the formation of twelve new associations, including several reorganized.

Register was obviously pleased. Reviewing his administration in the fall of 1901, he said, "The good seed sown has brought forth fruit throughout the country, and even abroad; for there now exists an underwriters association in Germany, due to the influence of Mr. Bernhard Goldsmith, a delegate last year at Saratoga from Chicago and now the representative of the New York Life Insurance Company in Germany. I had the pleasure of expressing the greetings of the National Association to our new ally, which is officially know as "*Bund der Versicherungs Vertritter*." The new association was located in Berlin.

Before sailing for Europe, Register had met with his Executive Committee on May 7, 1901, in New York's Motel Manhattan. The meeting's agenda provides insight into the day-to-day management of the Association during this period, as well as the officers' chief interests. Fifteen attended. As chairman of the committee on topics, William Carroll of Philadelphia reported that the subjects recommended for local associations to consider derived essentially from ex-president Johnson's agenda. These included, for instance, the proposed bureau of information, the exclusion of "curbstone agents" from the business and how to suppress twisting. George H. Sutton, chairman of the prize essays committee, reported that the topic selected for the next convention was "The Influence of Life Insurance Upon Character." The judges secured for the competition were Dr. William H.P. Faunce, president of Brown University, Dr. J.S. Bloomingston of Chicago, publisher of *The Investigator*, and Dr. Andrew Raymond of Schenectady, president of Union University. The committee also drafted a resolution for the consideration of the members at the next convention requesting that companies cease hiring agents on a part-time basis.

Considerable time was give to R.B. Moyer of the Underwriters' Protective Association and William Hooper of the National Insurance Information Bureau, listening to their proposals for the creation of a bureau of reference. (These consulting firms had apparently been performing a similar service for the fire insurance industry for some time.) As Johnson had suggestion at the last convention, the idea was to compile a national list of life agents who would be rated according to their qualifications and performance records. The list was also to include incidents of misrepresentation, twisting, or rebating, as well as agents guilty of such dubious and unethical practices. Among

other decisions reached at this meeting was the selection of Portland, Maine, as the site of the next convention.

As guests of the New York Association, the members enjoyed a luncheon at the Union League Club, "tendered by Col. John W. Vrooman." After attending a performance at the Criterion Theatre, where Julia Marlowe was playing in "When Knighthood Was in Flower," they were given a dinner at the Manhattan Hotel.

The nation was in a state of shock in the morning of September 11, 1901, when the national organization convened in Portland. Owing to the tragic news from Buffalo that President McKinley had been shot, the convention began with a resolution expressing sympathy for the president's family and a recommendation for the enactment of "a federal law declaring an assault or attempt on the life of a chief executive as treason, punishable by death." H.S. Munson of Buffalo proposed amending the resolution with a call for the suppression of groups advocating violence. Persuaded that the wording of the resolution was adequately forceful as it stood, however, he withdrew his motion. In view of the prevailing mood it was decided to forego the banquet planned for the close of the convention. The president died at 2:15 the next morning.

Register commented on the incident immediately after calling the first session to order:

> We meet today under the depressing shadow of a national calamity....The dreadful news came like an electric shock into every home, into every heart. Our natural grief for our beloved President is only equaled by a deep execration for the heinous crime. The cheering news received leads us to hope that the assassin's bullet was misdirected.

But death had struck the life underwriters at closer quarters. For Register, the passing of two former NALU presidents probably represented personal losses. There is an emotional note in his address to the convention:

> To those who knew Charles H. Ferguson and David S. Hendrick there was disclosed the character of men who, though human in their feelings and failings like ourselves, were yet overflowing with gentleness and goodness, which, while not obtrusive, won all hearts. It is cause for thankfulness that such lives have become conspicuous in our business....

The afternoon session of September 11 began with a discussion of how the Underwriters' Protective Association proposed to develop its register of life insurance agents. The comments of Buffalo delegate Munson offer some insight into the extent of unethical practice, as well as how local associations were dealing with the problem:

> We got together and drew up an agreement. We would report the name of any man who was disreputable in any way in the business and that man's name was sent by the man to whom we reported him to each one of the subscribers. Of course, it was subject to the criticism that possibly it might be blacklisting. That did not necessarily exclude him from employment. If the report was made from prejudice he had a chance to be heard....
>
> Here is a list of the names, a whole lot of them, probably a hundred and fifty of them, that we kept in Western New York....But of course an organization like that described by the gentleman, a corporation which could furnish names from all over the country, would be of much more service to the general agent, would be much more effective in freeing our business from those disreputable people who travel around from one city to the other and roast us out of our money.[xxxvii]

The views of A.C. Otis, a delegate from Philadelphia, reveal some of the problems facing managers and general agents during this period. "This certainly interests me, as it does everyone who has had the misfortune to make advances to unreliable agents," he said. "It seems to me that we suffer most in that particular in advancing money to a man who comes to us with all the earmarks of ability, honesty and integrity and yet lacks them all." His chief objection to the proposal stemmed from a fear of lawsuits and charges of blacklisting. Moyer explained that, since it would also include profiles of many reputable agents, such a reference list would not be open to criticism on those grounds. This seemed to satisfy Otis.

The NALU, of course, could only endorse such a program. It was up to individual general agents and managers to subscribe to the service.

Part 1

Part 2

Part 3

Part 4

Part 5

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

[xxxii] Ibid., pp. 147ff

[xxxiii] Buley, Op. Cit., p. 383.

[xxxiv] Proceedings, 1900, p. 109.

[xxxv] Ibid., p. 91.

[xxxvi] Proceedings, 1901, p.29.

[xxxvii] Ibid., p. 67.

Voices from the Field

Issues and Accomplishments of the First 15 Years

Part 5

The Portland convention won the approval of many observers by granting the delegates of the New England Women's Life Association "all the privileges of the convention, except that of voting." The convention also voted William D. Wyman, manager of the Berkshire Life in Chicago, to be Register's successor. Apparently there had been strong sentiment in some quarters to reelect Register for a second term. Earlier that summer the *Western Underwriter* had commented:

> Mr. Register has done excellent work this year for the organization. He is a man of executive ability, has made a success with his agency of the Equitable, has considerable means, and has given tone to the association. He has been an indefatigable worker for the cause, doing much to foster the association movement. Mr. Register's talks before life insurance men as he appeared before their associations have sparkled with the true light, and there has been no false note uttered.
>
> It is believed that another year of the same administration will greatly benefit the national body.[xxxviii]

Perhaps Register had no interest in serving again. In any case, Wyman was a popular choice. "The selection is certainly a happy one," asserted one journalist. "Mr. Wyman is typical of the clean life insurance man. He represents the higher class of managers. It is stated that his agency is the most ideal of any in Chicago, and he has made it so because he stands for all that is good in the business."[xxxix]

Before the year was out three more of the NALU's founding fathers passed away. Caleb E. Tillinghast died on November 1st. A month later, on December 9, 1901, Ransom died. David N. Holway of Boston, a close friend of Ransom (and also one of the NALU's founding members), initiated a subscription fund to erect a granite monument where Ransom was buried in the family plot at Newton, Massachusetts. In the meantime, Holway died. Wyman and the Executive Committee, nevertheless, proceeded with the project and, thanks to contributions from local associations, the memorial was unveiled on September 15, 1902. The inscription read:

> Chauncey Monroe Ransom, 1831-1901. "He Loved His Fellow-men." In grateful recognition of his inestimable service in their formation and nurture the local associations composing the National Association of Life Underwriters have erected this memorial.

Senator Dryden, founder and president of the Prudential, addressed the members of the NALU Executive Committee at their midyear session, held at the Raleigh in Washington, D.C., on April 9, 1902. The meeting was devoted to hearing the reports of committees, planning the next convention and discussing ways to promote the association movement.

The NALU's thirteenth annual convention met in Cincinnati on October 15-17, 1902. Attendance was larger than expected, reaching 164 delegates. Since the meeting room at the Grand Hotel proved inadequate during the first session it was decided to move to larger quarters at the YMCA auditorium.

In 1902 there were thirty-five local associations affiliated with the NALU. But America's life underwriters were looking beyond their present level of growth. In his report to the convention, Stephen F. Woodman, Chairman of the NALU Executive Committee, observed:

> It is pleasing to note that the force of our example has extended beyond our borders, and even across the sea. President Register reported last year his discovery of an association in the heart of Europe. We are more particularly interested in what our immediate neighbors of the Dominion are doing. An association was formed some years ago in Toronto, Ontario, and at the Buffalo convention we were favored, as will be remembered, by the presence of representatives of that association. This year the Quebec City Life Agents' Association has been organized at Quebec. A letter of congratulation was sent to the President, J.B. Morisette, in which an invitation was extended to the association to send representatives by courtesy to this convention. The invitation has been courteously acknowledged,

> and while it has not been deemed best to send representatives this year, it is stated that the association will probably be glad to do so next year, should our invitation be repeated.[xl]

The constitution of the national body underwent further revision that year. Instead of having a large number of vice presidents, the Association decided to be content with three (designated as first, second and third vice president.) Each association would have representation on the Executive Committee, on a rotating basis, with members serving three-year terms. Before the amendment was voted on, William Scott moved that ex-presidents and members of the Executive Committee who are not delegates should be allowed to participate in debates, make motions and vote at national conventions. His motion was seconded and passed.

The delegates elected Philip H. Farley of New York City to be their new president. The final item on the agenda was selecting a place for the next convention. Baltimore was the favored site, and Scott suggested October as the time. Both ideas met with everyone's approval. Graham C. Wells of Pittsburgh added the suggestion that, since many members "belong to the Romanist church," that the banquet be planned for a night other than Friday. "I am very sure the gentlemen from Baltimore will take that under consideration," Farley said. On motion the convention adjourned.

The midyear meeting of the Executive Committee was held at the Allyn House in Hartford on April 15, 1903. As part of their entertainment the members were given automobile rides about the city and the suburbs. It was agreed at this meeting that the National Association assume responsibility for the publication and sale of the annual convention reports. The Standard Publishing company of Boston, then under the management of Ransom's son, R.W. Ransom, was to continue handling the compilation, printing and binding. (This arrangement lasted until 1910, when the NALU engaged Wynkoop, Hallenbeck, Crawford Company of New York to print the report of the 21st annual meeting.)

It was because of Colonel Ransom that, since the first NALU convention, verbatim reports of the proceedings had been handsomely bound and made available to the delegates and their friends. Since the national organization as yet had no magazine, the records of its annual meetings were an important element of its public relations program. In a time when there was little or no formal training for agents, these volumes filled a need for inspiration and practical information. Because of the high caliber of guest speakers and the quality of many of the papers delivered, these books were an interesting and valuable resource for agents who could not attend the meetings.

Selling subscriptions for copies of the Proceedings became part of the routine at the early conventions. During the first sessions of the 1903 convention in Baltimore, when the orders were being taken for copies, Plummer took occasion to emphasize the value of these Proceedings:

> I regard the annuals published by this Association as one of the most important documents in connection with our work....It is not enough that the members of this Association have a copy of this book,...it should be in the hands of not only the general agents of this great business, but in the hands of every sub-agent throughout the land. It contains the very ablest addresses of men of the greatest mind and deepest thought and widest experience who have addressed us on various occasions, and a review of its pages will prove that some of the very best contributions to life insurance are contained between the pages of that book. Therefore, I earnestly urge that a very great interest be taken in the purchase of these books.[xli]

Plummer made his point. From the reaction on the convention floor, the Standard Publishing Company must have found the subscription orders very gratifying that year. Someone else who impressed the delegates that morning in Baltimore was the young Ernest J. Clark, secretary of the host association, who delivered a vigorous speech on the potential of associations, to influence legislation for the good of the business. He pointed to some rather startling successes of his own association in this arena to demonstrate the possibilities. These included driving a number of "wildcat" insurance companies out of Maryland.

The Baltimore convention, as it turned out, offered consistently good reading for the subscribers to the Proceedings. This resulted largely from the excellent quality of essays submitted. The topic was "Building for the Future." J.H. Jeffries of Philadelphia was the winner of the Williams vase. He focused on the requirements for a successful general agent, as well as the nobility of his calling:

> The general agent should not permit himself to become an office man. Competent bookkeepers and clerks must relieve him of routine work. He should be out in the field, encouraging his people to energetic effort, helping them over obstacles, instructing, sympathizing, inspiring, making opportunities for them, giving them prospects which he might perhaps easily close himself, and in every possible way instilling his agency corps with his own spirit of confidence and enthusiasm. He must be their leader, their mentor, and their friend. He should preach and practice the blessed gospel of hard work, "Diligence is the mother of good luck and God gives all things to industry." Frequent meetings for instruction and conference are helpful, while an occasional banquet, picnic, or jubilee will lighten the

> labor and sweeten the toil of all.[xlii]

There was also considerable discussion at this meeting on how to raise funds for reimbursing the NALU presidents for expenses incurred during their terms of office. As often happens when no ready solution can be found, the delegates decided to form a committee to come up with some specific proposals.

The officers elected for the 1903-1904 term were Hubert H. Ward of Cleveland, president; J. Herman Ireland of Baltimore, first vice president; Danford M. Baker of Chicago, second vice president; and John H. Quinlan of Newburgh, New York, third vice president. William G. Carroll of Philadelphia became chairman of the Executive Committee.

Considering that it was such a young organization, the reformed Baltimore Association did a magnificent job of hosting the delegates and their guests. After a cruise down the Chesapeake to Annapolis, on board the steamer Annapolis, they were given a tour of the U.S. Naval Academy, as well as the State House.

The Baltimore Association even managed to oblige the Catholics by planning the banquet on Thursday. About 250 people attended the dinner at the Rennert, regarded at the time as one of the country's prestige hotels. The list of speakers was as long as it was distinguished, which made for a very late evening. When, at the conclusion of all the speeches, Farley proposed singing "Auld Lang Syne," it was discovered that the orchestra had left.

Within four months, much of what had become familiar to the visitors in the last three days would be reduced to rubble. On Sunday, February 7, 1904, seventy blocks in downtown Baltimore were destroyed by fire. The flames engulfed 526 buildings that housed 2,500 enterprises (including twenty banks, eight hotels, nine newspaper plants, and nine transportation offices.) The fire was halted within yards of the Rennert itself.

The total membership in local associations affiliated with the NALU was 1,698 in 1904. About half of these were general agents and managers. At the 1904 convention, held in Indianapolis, Plummer was elected chairman of the Executive Committee. The delegates elected John Dolph of Cincinnati as president. Percy V. Baldwin of Boston became first vice president; William Van Sickle of Detroit, second vice president; and C.C. Courtney of Kansas City, third vice president. For secretary they chose Ernest J. Clark of Baltimore.

The delegations from St. Louis, Los Angeles and Hartford each offered to host the next NALU convention. F.A.G. Merrill of Buffalo spoke out in favor of Hartford, arguing that St. Louis had enjoyed quite enough visitors that year owing to the World's Fair. "Three-quarters of the interests represented here come from the East," he said. "The gentlemen who attend the convention can visit the home office and save one trip." Merrill evidently expressed the prevailing sentiment, and Hartford was selected for the 1905 convention site.

The dramatic rise in membership during this period reflects the growth experienced by associations throughout the country. From the 1899 low of twenty-six associations comprising 940 members, the ranks of the national organization swelled to forty-five units representing 2,032 members in 1905.

Writing in 1913 in a series of articles ("The Story of the Life Underwriters' Associations") published in *Life Association News*, Charles W. Scovel attributed this resurgence of life underwriters associations to the "peripatetic" presidents of the NALU, who from 1899 to 1905 "traveled many thousands of miles at great cost of time and energy, and ...without a dollar from the treasury to do so." Beyond that, Scovel pointed out, "The conventions of 1903 and 1904 devoted much time to discussing methods and means; prizes were offered. Also in 1904-1905 an 'extension fund' of $2,500 was raised by special subscription to be applied for printed propaganda, addresses and correspondence centering in the secretary's office."[xliii]

Proschansky, however, believes Scovel overestimated the importance of the traveling executives as a factor in renewed interest in the association movement. Viewing the situation from a somewhat broader perspective, he contends, "While the zeal and devotion they [Cochran, Johnson, Register, et al.] showed were highly commendable and their activities were undoubtedly of much help to the young organization, there were more fundamental factors at work."

Among other revitalizing influences, Proschansky cites the pains taken by the NALU's leadership to permit greater freedom of discussion on the convention floor, which served to diffuse previous criticisms:

> That this created a much better feeling among underwriters was reflected in the widespread praise in trade journals for the manner in which the NALU conducted it s conventions during this period. Trade journals' views on this matter often served as a barometer to the state of feeling of agents in regard to the organization. The journalists who aired their views in these publications often attended the

> conventions and had ample opportunity to ascertain the opinions of the delegates. Since few journals indulged in criticism, one can only conclude that the amount of dissatisfaction was rather small.[xliv]

The number of subagents joining local associations, Proschansky observes, is another indication of renewed interest among the men in the field. He also points to the subsidence of company rivalries after 1900, which gave life underwriters associations more relevance and viability. This created an atmosphere more conducive to the success of organizations dedicated to reforming business practices. "A logical outcome of the development of local associations and the growth of the insurance industry on a national scale," he says, "the National Association of Life Underwriters was designed to fill a real need, that of coordinating and providing leadership for the local groups in their efforts to effect reform. It also exercised other functions, such as influencing legislation, bringing the agents of the country into closer relations, and helping to elevate life insurance soliciting to that of a profession."[xlv]

By 1905, Proschansky concludes, the National Association of Life Underwriters had gained much prestige within the industry, "accepted by company and agent alike as a professional group which had accomplished much good."

Part 1

Part 2

Part 3

Part 4

Part 5

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

*"The new commission scale provided for 25 percent on the first year's premium on an Ordinary Life policy, 15 on the second, 5 on the third, 10 on the fourth and 5 on the fifth and for a specified number of years thereafter, as per the individual agent's contract."

[xxxviii] Op. Cit., July11, 1901, p.1.

[xxxix] Ibid., September 19, 1901 p.1.

[xl] Proceedings, 1902, pp 37-38.

[xli] Proceedings, 1903, pp. 76-77.

[xlii] Ibid., p. 118.

[xliii] Op. Cit., May 1913, p.7.

[xliv] Proschansky, Op. Cit., pp. 152-153.

[xlv] Ibid., pp. 161-162.

Voices from the Field

Issues and Accomplishments of the First 15 Years

Part 3

Scott was certainly right in saying that everyone was well aware of what had been going on. Throughout the late spring and summer the trade journals had kept readers posted on the candidates' maneuvers. "Political Jugglery to Prevent T.H. Bowles from Becoming the Next President of the National Association," the *Ohio Underwriter* announced in an article dated May 13, 1897. "The action of the Wisconsin Association of Life Underwriters, at a meeting last week, in endorsing J.S. Norris, general agent of the Phoenix Mutual Life, as its candidate for president of the National Association of Life Underwriters...makes the state of affairs awkward, to say the least," the writer began. He then proceeded to explain some of the motives behind the move:

> At the last meeting in Washington it was tacitly understood that Mr. Bowles would be the next president. He ran a close second in the voting, and would undoubtedly have been elected had it not been the custom to select the president from the city in which the annual meeting is held. Mr. Bowles is general agent of the Mutual Life for Wisconsin, and also has an interest in the New Orleans general agency. He is one of the leading general agency lights of the country.
>
> Readers of the insurance papers will remember a year or so ago the pitched contest which ensued in Milwaukee, by means of the daily press, between Mr. Bowles and D.E. Murphy, general agent of the Northwestern Mutual Life, over the mooted question as to which company gave the better dividends. ... Mr. Murphy got "soaked," as the saying goes.
>
> This episode caused a bitter personal and business rivalry between the two men and when Mr. Bowles was accepted as the logical candidate for the presidency, Mr. Murphy saw a chance to get even and took advantage of it. ...
>
> It is generally expected that in view of the circumstances the official candidate of the Wisconsin association will be overlooked and that Mr. Bowles will receive the support and votes of the delegates at large—as a rebuke to the "ward-politician" methods inaugurated at the recent meeting, if not from a full appreciation of Mr. Bowles.

In a later issue the same journal asserted that some of Bowles' opponents felt "that no Mutual Life man should occupy the president's chair, because that company was believed to be in spirit antagonistic to the anti-rebate compact."[xix] It was well known that, though he had joined the compact, Richard A. McCurdy, president of the Mutual Life, entertained strong reservations about its effectiveness. He had been severely criticized for saying as much even before the compact was proposed. "In my judgment the remedy lies with the agents exclusively," he stated in an article appearing in 1892. "When they seriously determine that the practice shall stop, it will stop. ..To its solution the local and national associations of life underwriters should be aided in every practicable way. It is for them to devise the means, if there be any. I feel sure that the companies, with few exceptions, will back them up."[xx]*[xxi]

Whatever the motives behind the Norris candidacy, the episode created unfortunate publicity for the NALU. Generating negative feelings on all fronts, this scrambling for the presidency stirred up dissension within the ranks, distracted the association from it's important work and weakened its image before the rest of the industry.

On May 22, 1898, Ben Williams died. At its next meeting on August 16 in Minneapolis, on the eve of the NALU's ninth convention, the Executive Committee elected Register to complete Williams' term.

The West Hotel served as headquarters for the convention, but the sessions were held at Century hall. Not surprisingly, a number of speakers at this convention found occasion to refer to the Spanish-American War. In his speech of welcome to the delegates, for instance, the president of the Minneapolis association, Frank M. Joyce, mentioned a recent naval engagement to illustrate the value of fraternal feeling among association members:

> There has been a growing feeling...out-cropping in our various insurance journals, that the life

> insurance associations have ceased to accomplish anything of practical value and that these annual conventions are nothing but friendly reunions...accomplishing no good whatever. I do not agree with this sentiment...The underwriters' associations have accomplished more in the last five years for the life insurance profession than have all the laws that have been enacted by the various states.
>
> In that magnificent squadron of American vessels lying off the southern coast of Cuba there were two of the great cruisers that are the pride of the American people, the Brooklyn and New York. Between the crews of these two vessels there is the most intense rivalry and jealousy. So much so that the officers and crews are hardly on speaking terms when they meet off duty. Yet, when Hobson's bottle was uncorked and the Spanish fleet attempted to escape, all differences were forgotten in the great anxiety to destroy the common enemy. So...let us unite our forces against the common enemy and forget the bitter rivalries among ourselves.[xxii]

Not all the trade journals were so critical of the associations as Joyce's opening reference might suggest. One of the principal speakers at this convention was Philadelphian F.C. Oviatt, editor of the *Intelligencer*, who stressed the positive influence of underwriters associations on the public image of the business. "There have been mistakes, and some of the work is rough and uncouth," he said, "but there has been progress. Rebating has been lessened. Twisting is not so often boasted of as formerly. Nasty literature is steady growing more unpopular. Several companies now refuse to furnish agents with literature that reflects upon rival companies. They say their goods are valuable enough to sell upon their merits."

Far too many agents, however, still promoted sales by maligning rival companies and agents, both in sales interviews and in print. Misrepresentation and casting of aspersions had developed very early in the competitive marketing of life insurance. As competition became more heated, some companies engaged journalists to publish attacks on rival companies. Numerous pamphlets and articles appeared "demonstrating" inferiority of products offered by other companies. By the 1890s the more respectable companies had dropped such crude methods. Among unscrupulous agents, however, disparagement of rival agents and companies remained part and parcel of their rhetorical baggage.

One especially offensive practice casting a shadow over the integrity of the life insurance business was "twisting" (inducing a policyholder to surrender his policy and buy one from another company to take its place). It is not inherently wrong, of course, for an agent to urge someone to purchase demonstratively better protection for his money when his current coverage is patently inferior and inadequate. That kind of replacement was always understood to be acceptable behavior. In such cases the agent served the consumer's interest. Twisting, however, is wanton, wholesale replacement of perfectly good policies by deceptive means for no other reason than to gain a commission. The practice was pervasive and, usually the newly purchased policy was in no way better. Besides, the money already invested was often lost to the policyholder who found himself left with an inferior policy, after all.

In 1895, during the last moments of the Philadelphia convention, James S. Norris, then president of the Wisconsin Association, had proposed a motion that won the unanimous approval of the delegates:

> Resolved. That it is the sense of the National Association of Life Underwriters that the "twisting" of policies (except from assessment associations) is unconditionally condemned as vicious and as an unwise practice, and is dishonorable, and should be condemned by all honorable representatives of life insurance.

According to the "Preface" to the Proceedings of the Minneapolis convention, "The most important resolution adopted was that condemning in emphatic terms the practice of twisting policies from one company to another. The sentiment on this question was crystallized through the efforts of President Bowles." Not only did Bowles devote much of his opening address to the subject, but he had also written a pamphlet exposing the evils of twisting, which was widely distributed.

There was no quixotic vagueness in Bowles' view of "twisting." In his address to the convention, he was explicit about its detrimental effects as he was harsh in his denunciation of the practice:

> For some years past one of the worst evils in the field work of life insurance has been the practice by some agents of undermining the faith of the assured in whatever company he might be insured, and by specious argument to induce him, if possible, to change his insurance to another company; a practice probably more particularly indulged in by the agents of the larger companies towards the business of the smaller ones. The unfortunate but general lack of knowledge of the insured...makes it readily possible for the agent of questionable methods, avaricious to secure a commission, to work great loss and injury to the insured, and to the business of life underwriting as a whole, by transferring policies from one company to another; and I have thought it...an important subject, deserving of the special

> consideration which has been given it during the past year, with most gratifying results.[xxiii]

The delegates chose Richard E. Cochran, a general agent for the United States Life and a member of the New York City delegation, as Bowles' successor and confirmed Register's chairmanship of the Executive Committee. Cochran's cherubic face and genial gaze belied his true character. He would prove one of the NALU's most energetic presidents. And persuaded by its accessibility by rail and the beauty of Niagara Falls, the delegates unanimously agreed to meet a year later in Buffalo.

The Executive Committee held its midyear session in Philadelphia on February 15 and 16, 1899. As Register reported later, blizzard weather, causing many to be snowbound, prevented a full attendance. "Indeed, it was a question whether a quorum would arrive," he said. Only eleven members were able to get there.

The NALU's financial status received some attention at this meeting. The lapsing of associations combined with late payments from others had sometimes left the treasury without sufficient operating funds. The committee reiterated the need for prompt payment of the $25 dues exacted from each association, plus $1.00 for each additional member when membership exceeded twenty-five.

The inclement weather taught the committeemen a lesson. They decided to ask for an amendment to the bylaws to hold midyear meetings at least four months before the annual convention, rather than be confined to a date six months following a convention. Other matters discussed included the problem of reduced membership, further refinement of the rules governing the essay competition and unveiling of a silver prize to be offered for the second best essay, the Ben Williams Memorial Vase.

At the Minneapolis convention, the delegates had unanimously adopted a resolution calling for modifications in the rules governing the anti-rebate compact. According to the original instructions to the referee, every complaint against an agent had to be first submitted to his company, which would investigate the charge before turning the case over to the referee. The intent was to discourage agents from filing unwarranted charges that could not be substantiated. At the midyear meeting William Scott, chairman of the special committee to communicate with Referee Thomas B. Reed, reported that Reed had agreed to hear complaints about rebating directly from associations, without the necessity of having the charges filed through a company.

The Executive Committee also voted to act on the suggestion of W.G. Justice of Buffalo to invite the London (Ontario) Association of Life Underwriters to the next convention as observers, and to recommend admitting the newly formed women's association at Boston into the national organization. The group had been organized on November 29, 1898 at the Parker House by fifteen women who met in response to the invitation of Miss Emily A. Ransom, Colonel Ransom's daughter.

The NALU held its tenth annual convention at Buffalo's Hotel Iroquois on July 12-14, 1899. Many, however, had to seek accommodations in other hotels. The sessions met in the hall of the Women's Educational and Industrial Union which, we are told in the reported Proceedings, "was beautifully decorated for the occasion, and was pronounced to be the pleasantest room that the convention had yet been held in."

At that time there were twenty-six local associations affiliated with the NALU representing a total membership of 940 agents. This represents a considerable reduction from what membership had risen to several years previously. (In 1894, for example, there were thirty-eight affiliates, and in 1897 the combined membership of local associations peaked at 1,337.) Owing to an escalation of company rivalry, as well as internal strife, the association movement had lost momentum during these years and was struggling to stay alive. Even so, the "Preface" to the Proceedings stated that this convention was "one of the most successful since the organization of the national body.

"Primarily much enthusiasm was inspired by President Richard E. Cochran," the reporter explained, "who did yeoman service throughout the year, traveling about extensively among the local associations, endeavoring to instill into the minds of the lukewarm members the value of association work both to the business at large and the members individually. That his efforts met with good results was seen in the large attendance at the annual meeting as well as noticeably increased interest in advocating good practices in the business."

This was no idle boast. Cochran's impressive record in reversing the fortunes of the NALU was generally acknowledged. Reporting on the Buffalo convention in its July number, the *Western Underwriter* editorialized:

> Beyond a doubt the National Association of Life Underwriters has been infused with new life under the administration of President Cochran. It is no secret that after the Minneapolis convention of last year, the outlook was considered by many as extremely dubious. President Cochran at once recognized the situation, and with characteristic energy began the work of regeneration. In this he was eminently

> successful. The association today occupies a strong position, and its future outlook is very promising... There is no reason why, during the coming year, the membership of the local associations should not be enlarged, and many more field workers brought within the sphere of their influence.

Commenting on Cochran's leadership thirty years later, Charles Scovel concluded, "If Plummer was our Washington, who did the most to form and establish this union of locals associations, then Cochran was our Lincoln, the leader in preserving the union and giving it truly national solidarity."

As Scovel also observed, the anti-rebating agreement was not proving as effective as some reformers wished. Its machinery for prosecuting agents, one writer commented, had become somewhat of a farce. In February 1897, the *Ohio Underwriter* had reported, "Ex-Speaker Reed, referring to his $3,000 fee as referee for the life companies, recently remarked, 'It is only when a man is drawing a salary for doing nothing that he feels he is at least receiving what he really deserves.'" But Reed probably exaggerated the ineffectiveness of the compact. Proschansky notes that the *Standard* published in its issue of July 16, 1898, a list of convictions by the referee since the signing of the agreement, totaling twenty-nine. About 80 percent of the complaints filed with the referee resulted in convictions. It concluded that the anti-rebate compact was effective.[xxiv]

Certainly no one could claim that the company compact had delivered a decisive blow to rebating. Ironically, it was the NALU that unwittingly hastened the dissolution of the compact when it proposed a radically different approach to the problem. In his opening speech at Buffalo, Cochran reiterated the association's unremitting warfare against rebating, provoking considerable discussion that ended in the passage of a resolution requesting the companies to reduce first-year commissions and increase renewals—thus removing the incentive to offer rebates.

It was a courageous move, and it seems to have taken the industry by surprise. The *Western Underwriter* commented, "The meeting of the National Association of Life Underwriters last week at Buffalo was made memorable by the resolution... Suffice it to say there is considerable difference of opinion among the companies as to the efficacy of the proposed arrangement."[xxv]

The response from some quarters was perhaps more emphatic than the leaders of the NALU intended. The Equitable not only adjusted its commissions but in September of that year James W. Alexander, the company's new president, also announced his withdrawal from the agreement.**[xxvi]

Many thought Alexander acted hastily, but as R. Carlyle Buley, in his history of the Equitable, points out, "The new commission plan had not been inaugurated abruptly and without thought; it had previously been recommended by the National Association of Life Underwriters and approved by various groups of Equitable agents."[xxvii] In a letter to Referee Reed, subsequently published in the various insurance journals, Alexander presented his case:

> Bonuses for given amounts of business, and the high rates of commission that have prevailed on first year's premiums seem to make rebating easier than it should be, and the cure would appear to lie in a discontinuance of bonuses, and such arrangement of commissions as would make it against the interest of any one to buy regular assurance with a view to dropping it at the end of the first year. Even if this reform involved the possible risk of losing a certain amount of new business, and therefore, a sacrifice of apparent volume (which we seriously doubt), nevertheless, believing that it is a step that should be taken because it is right, and further believing that the business we get will be better and more permanent, we have determined to adopt the policy above indicated; in fact, we have done so, and we are glad to say that our agents have approved of our action.[xxviii]

Alexander's action drew sharp criticism from the officers of the New York Life who insisted that no company had the right to withdraw from the compact without the consent of a majority of the signing companies, and that such withdrawal could only result in debauching the business. Vice President Darwin Kingsley of the New York Life stated:

> We are not prepared to surrender; on the contrary, we were never so much in the mood to insist on every restriction and every regulation now in force against rebating. Our position was taken in '93. When the agreement of November '95 was entered into, it wasn't a "reform" so far as we are concerned; and, consequently now that that particular agreement has gone by the board, we haven't got to advertise any new reform. Our position wasn't changed when we went into the agreement. It will not be changed now.[xxix]

But there were other motives at work, as Buley notes:

Though officers of various other companies expressed their approbation of Equitable's new commission plan, the New York Life thought it saw an opportunity to raid the Equitable agency force...[and] informed its agents...that they

should seize the golden agent. The coup did not work out too well, however, for on January 8, 1900, Second Vice President Gage E. Tarbell of Equitable gave a dinner to about 170 New York City agents of the New York Life and signed up all but three of them. [xxx]

Agent raiding was not uncommon. The episode only represents one of many exchanges of fire in the battle of the Big Three, which raged throughout the period.

Less controversial, but equally laudable were some other innovations inaugurated at the Buffalo convention. Evidently, this marked the first appearance of Canadian agents at an NALU gathering. In his speech of welcome, Seth Bush, president of the host association, said:

> It is most fitting that we should have with us at this time, representatives from across the border, men prominent in the business of life insurance in the Dominion. They have heard of the organizations represented here, and wishing to be with us in all matters which mean progress and fraternity, they have come to observe and learn from us, that they may return prepared to organize and give to the business across the lakes the benefits of cemented friendships and united organizations.
>
> If in the future we may revert to this occasion as the happy beginning of an international understanding and compact of our profession, we shall indeed be glad, and we of the local association be proud that here in Buffalo at our invitation, there first came to us Canada's representative insurance men....[xxxi]

"For the first time in the history of the association," the reporter noted, "there were women delegates present, representing the New England Women's Life Underwriters' Association. By an amendment to the constitution this association was admitted to auxiliary membership." Immediately after Cochran's opening speech, Plummer said:

> The presence of such a representation marks what may be the beginning of a new epoch in the history of life insurance.... The members of the National Association are yearning this morning to place upon record their greeting, and so I move you, sir, that all the courtesies of this convention be extended to the representatives of the New England Women's Life Underwriters' Association of Boston.

The resolution was adopted by a rising vote. In response, Mrs. M.A.F. Potts, the group's president, expressed the hope that "our addition to your membership will not be a draw in any way, but perhaps, as Mr. Plummer has suggested, we may help to uplift the association to a higher plane than it has ever reached before."

Part 1

Part 2

Part 3

Part 4

Part 5

Foreword by Alan Press, 1988-1989 NALU President

Preface by Jack E. Bobo, 1989 NALU Executive Vice President

Introduction

Acknowledgements

Chapter 1

Laying the Foundation—A Meeting at the Parker House

Leading Figures—Ransom, Carpenter, Blodgett and Plummer

Conditions Leading to the Foundation of the NALU

Rise of Modern Life Insurance and the General Agency System

Issues and Accomplishments of the First 15 Years

Chapter 2

In the Wake of the Armstrong Investigation

A Royal Commission Investigates Life Insurance Operations in Canada

A Period of Growth and Visibility for the NALU Under Strong Leadership

The NALU Plays a Leading Role in Insurance Education

The NALU During World War I

Chapter 3

The Post-War Decade

The NALU's Extension of Activity

The Agents Move for Recognition

Chapter 4

The Depression and Aftermath

Annual Conventions and Midyear Meetings

The NALU Celebrates Its 50th Anniversary

Chapter 5

The Agents Earn Their Wings

World War II

The NALU Joins the Industry in Legislative Battles

The NALU Establishes the National Quality Award

Chapter 6

Controversies and Schisms (1946-1956)

The Foundation of LUTC

The Nola Patterson Affair

GAMC Formally Organized

Chapter 7

The NALU Goes to Washington

Dispute Over Minimum Deposit Insurance Plans

GAMC Stages First LAMP Meeting

The NALU Celebrates Its Diamond Jubilee Year

The NALU Increases Political Activity

U.S. Senate Antitrust and Monopoly Subcommittee Investigate Life Insurance

The NALU Responds to Consumerist Activism

Chapter 8

The NALU Reaches the Century Mark

FTC Releases a Study Critical of the Insurance Industry

Formation of the Women Life Underwriters Conference

Drop in Local Membership

The NALU Issues Statements on AIDS

The NALU Combats a New Wave of Attacks

The NALU Celebrates a Century of Service

---

[*] Bowles seemed destined for controversy. In 1902 he was dismissed by the Mutual of New York for "insubordination." According to Mutual historian Shepard Clough, "He at once began to make charges against the company, to circularize policyholders in an effort to get proxies, and to stir up trouble generally. He did succeed in getting several persons to complain to the management about dividends, but he was ultimately silenced by a commutation of his renewal commissions."

[**] " The new commission scale provided for 25 percent on the first year's premium on a ordinary life policy, 15 on the second, 5 on the third, the fourth and 5 on the fifth, and for a specified number of years thereafter, as per hte individual agent's contract."

[xix] Ohio Underwriter, September 16, 1897, p.8

[xx] Proschansky, Op. Cit., pp. 130-131

[xxi] Shepard B. Clough, A Century of American life Insurance, Columbia University Press, New York, 1946. p. 216

[xxii] Proceedings, 1898, p. 12.

[xxiii] Ibid., p. 25.

[xxiv] Op. Cit., p. 128

[xxv] Op. Cit., July 20, 1899, p.11

[xxvi] Ibid., p. 552

[xxvii] Op. Cit., p. 554

[xxviii] Insurance Monitor, XLVII. October 1899

[xxix] Buley, Op. Cit., pp. 553-554.

[xxx] Ibid., p. 554.

[xxxi] Proceedings, 1899, p. 19.